



Entergy

Entergy Arkansas
425 West Capitol Avenue
P.O. Box 551
Little Rock, AR 72203
Tel 501 377 4000

RECEIVED
2003 DEC -5 AM 10:50
T.R.A. DOCKET ROOM

December 4, 2003

Ms. Deborah Taylor Tate, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: Tennessee Regulatory Authority Docket No. 03-00623
Entergy Arkansas, Inc. Tariff Revisions for
Revised Nuclear Decommissioning Cost Rider M26
and Revised Grand Gulf Rider M33

Dear Chairman Tate:

On October 31, 2003, Entergy Arkansas, Inc. (EAI), filed with the Arkansas Public Service Commission (APSC) a revised Attachment A to Nuclear Decommissioning Cost Rider M26 (Rider M26) in APSC Docket No. 87-166-TF and a revised Grand Gulf Rider M33 (Rider M33) in APSC Docket No. 03-191-TF. The APSC approved these revisions in separate orders in each of these Dockets on November 25 and 26, respectively, to be effective on January 1, 2004.

The purpose of this letter is to file these same revised Riders with the Tennessee Regulatory Authority (TRA) for its acknowledgement and inclusion into EAI's tariffs. The original and 13 copies of APSC Staff testimony filed in the APSC Dockets and subsequent orders issued by the APSC are included for filing with the TRA.

Also enclosed is Direct Testimony of EAI witness Phillip B. Gillam which provides an explanation of the calculation of the rates the Company is filing in its revision to Rider M33 and specifically the methodology utilized to calculate the reserve equalization credit to the annual revenue requirement as described in Section 42.3.3 of Rider M33.

A check in the amount of \$25.00 for the TRA filing fee along with updated tariff sheets reflecting the APSC's approving Order numbers is enclosed.

Following are descriptions of these Riders and the supporting information being provided.

Rate Schedule T37 – Nuclear Decommissioning Cost Rider M26

Revised Attachment A to Rider M26 rate adjustments were developed utilizing the decommissioning cost estimate approved in the APSC's Order No. 27 in APSC Docket No. 87-166-TF and includes (1) 20-year plant life extensions for both Arkansas Nuclear One (ANO) units, (2) 50 percent equity balances, (3) the WEFA forecasting data as outlined in Order No. 32 in this Docket, and (4) separate costs for extended plant lives and in accordance with agreed upon parameters of a Stipulation and Settlement Agreement filed with the Tennessee Regulatory Authority in Docket No. 98-00007. Included herewith are proposed Attachment A to Tennessee Rider M26 and a copy of the Arkansas filing submitted to the Secretary of the APSC in Docket No. 87-166-TF.

Due to the assumed 20-year plant life extensions for both ANO units, the revenue requirement and rate will remain at the zero level.

Rate Schedule T42 – Grand Gulf Rider M33

Updated Rider M33 has been changed pursuant to the terms of the Grand Gulf Rider M33, the Stipulation and Settlement Agreement filed with the Tennessee Regulatory Authority in Docket No. 98-00007, and the Settlement Agreement filed with the APSC in Docket No. 00-177-U. Please find attached the following:

- | | |
|--------------|--|
| Attachment A | A fifth revised Sheet 42.2 of Rider M33 that includes revised Net Monthly Rates to become effective with the first billing cycle of January 2004. Based on projected 2004 billing units, the proposed rate change from the rate in effect since January 2003 will result in an annual estimated increase to Arkansas retail ratepayers of approximately \$17.9 million. This is the result of a \$14.4 million increase in projected Grand Gulf demand revenue requirements and an increase of \$3.5 million in the under recovery balance as compared to the balance in September 2002. |
| Attachment B | A summary of the Rider M33 Revenue Requirement for 2004, which reflects the under-recovery adjustment for the October 2002 through September 2003 true-up period (including the SERI refund) and the projected Grand Gulf capacity costs for the year ended December 2004 including the Grand Gulf Accelerated Recovery Tariff (GGART) Revenue Requirement for 2004. |

Included herewith are the proposed revisions to the Tennessee Rider M33 and a copy of the Arkansas filing submitted to the Secretary of the APSC in Docket No. 03-191-TF.

The Rate Schedules and Attachment submitted herewith are identical to those currently filed before the APSC for EAI's Arkansas customers. These Rate Schedules and Attachments will supersede the schedules previously approved. All existing Rate Schedules remain in effect as they currently are except for the schedules submitted with this filing.

Pursuant to Chapter 1220-4-1-.05 of the Tennessee Regulatory Authority General Public Utilities Rules, the notice provided for in that Chapter will be posted at EAI's Marion District Office, located at 215 Military Road, Marion, Arkansas from which our Tennessee customers are served. In addition, a summary of the proposed changes and the reasons for them will be published as a news release in local newspapers serving this area.

If you have any questions or need additional information, please do not hesitate to call me at 501-377-5489.

Sincerely,

A handwritten signature in black ink, appearing to read "Will Morgan". The signature is fluid and cursive, with the first name "Will" and last name "Morgan" clearly distinguishable.

Will Morgan, Manager
Arkansas Regulatory Affairs

WRM/tj
Attachments

Order No.: 42
Effective: January 2004

Attachment A to
Rate Schedule No. 37
Page 1 of 1

ATTACHMENT A

The Net Monthly Rates set forth in EAI's schedules identified below will be increased by the following Rate Adjustments amounts during the billing months of January 2004 through December 2004:

<u>Rate Class</u>	<u>Rate Schedules</u>	<u>Rate Adjustment</u>
ANO-1		
Residential	RS, RT	\$0.00000 per kWh
Small General Service	SGS, GFS, MP, AP, CTV, M14, CGS	\$0.00000 per kWh
Large General Service	LGS, GST, LPS, PST	\$0.00 per kW
Lighting	L1, L2, L4	\$0.00000 per kWh
ANO-2		
Residential	RS, RT	\$0.00000 per kWh
Small General Service	SGS, GFS, MP, AP, CTV, M14, CGS	\$0.00000 per kWh
Large General Service	LGS, GST, LPS, PST	\$0.00 per kW
Lighting	L1, L2, L4	\$0.00000 per kWh

TENNESSEE REGULATORY AUTHORITY

5th Revised

Sheet No. 42.2

Replacing: 4th Revised

Sheet No. 42.2

Entergy Arkansas, Inc.

Name of Company

Kind of Service: Electric

Class of Service: All

Docket No.: 03-191-TF

Order No.: 1

Effective: January 2004

Part III. Rate Schedule No.: 42

Title: Grand Gulf Rider (M33)

PSC File Mark Only

The Net Monthly Rates for Grand Gulf demand related costs for the billing period from January 2004 through December 2004 will be as follows:

(CT)

Rate Class	Rate Schedules	Net Monthly Rate	
Residential	RS, RT	\$0.00816 per kWh	(CR)
Small General Service	SGS, GFS, MP, AP, CTV, M14, CGS	\$0.00692 per kWh	(CR)
Large General Service	LGS, GST, LPS, PST	\$2.21 per kW	(CR)
Lighting	LI, L2, L4	\$0.01032 per kWh	(CR)

42.3. PROCEDURES FOR RECOVERY OF GRAND GULF COSTS

42.3.1. On or before November 1 of 1998 and each succeeding year thereafter, the Company will file with the APSC a revision to this Grand Gulf Rider which will reflect the demand related Grand Gulf costs which are projected to be incurred over the twelve-month period beginning on January 1 of the following year and will also file new Net Monthly Rates necessary to recover such costs to become effective on the first billing cycle of January of such year. These new Net Monthly Rates will reflect a true-up of any prior over or under recovery of such costs as determined in Paragraph 42.3.6. below. In the revision to this Grand Gulf Rider (M33) filed with the APSC, the 36% allocation to EAI will be further allocated based on the percentages embodied in the Stipulation and Settlement Agreement as the Current Recovery Share and the Retained Share.

42.3.2. The Current Recovery Share allocated to the Company's Arkansas retail customers will be recovered on a current basis.

**DOCUMENTS FILED BY EAI WITH THE
ARKANSAS PUBLIC SERVICE COMMISSION
ON OCTOBER 31, 2003
IN APSC DOCKET NO. 87-166-TF**

**EAI'S ANO DECOMMISSIONING COST RIDER M26 UPDATE
(RATE SCHEDULE NO. 37)**



Entergy

ARK. PUB. SERV. COMM.
FILED
OCT 31 2003

Entergy Arkansas, Inc.
425 West Capitol Avenue
P.O. Box 551
Little Rock, AR 72203-0551
Tel 501 377 4457
Fax 501 377 4415

October 31, 2003

2003 OCT 31 A 10:14

Steven K. Strickland
Vice President
Regulatory Affairs

FILED

Ms. Diana Wilson, Secretary
Arkansas Public Service Commission
P. O. Box 400
Little Rock, AR 72203-0400

Re: APSC Docket No. 87-166-TF
ANO Decommissioning Cost Rider M26 Update

Dear Ms. Wilson:

In accordance with the requirements of ANO Decommissioning Cost Rider M26 (Rider M26) and the Commission's Order Nos. 5, 27, 32, and 41 in Docket No. 87-166-TF, please find attached for filing with the Commission an original and 13 copies of the following:

- | | |
|--------------|--|
| Attachment 1 | Revised Attachment A to Rider M26 containing decommissioning rate adjustments that are to be effective for the billing months from January 2004 through December 2004, the supporting Revenue Requirement Summary page of the decommissioning model, and a summary of the decommissioning fund balances. (Scenario 1 Order No. 41) |
| Attachment 2 | Same as Attachment 1 with a revenue requirement of zero for the upcoming year. |
| Attachment 3 | Calculation of the decommissioning fund balances assuming a 20-year life extension for both ANO units. (Scenario 2 Order No. 41) |

The revised rate adjustments in Attachments 1 & 2 include (1) 50 percent equity balances and (2) the WEFA forecasting data as outlined in Order No. 32 in this Docket

Attachment 1 indicates that the revenue requirement and rate will remain at the zero level for 2004.

A copy of this filing, with the above-listed attachments, is being served upon all parties of record to this docket. Copies of workpapers supporting the calculation

Ms. Diana Wilson
October 31, 2003
Page 2

of the revised Attachment A to Rider M26 have been provided to Staff and will be provided to any other interested party upon request.

Should you have any questions concerning this filing, please call me at (501) 377-4457 or Mr. William Morgan at (501) 377-5489.

Sincerely,

A handwritten signature in black ink, appearing to be "SKS/jm", written over a horizontal line.

SKS/jm
Attachments

c: All Parties of Record

Order No.:
Effective: January 2004

Attachment A to
Rate Schedule No. 37
Page 1 of 1

ATTACHMENT A

The Net Monthly Rates set forth in EAI's schedules identified below will be increased by the following Rate Adjustments amounts during the billing months of January 2004 through December 2004:

<u>Rate Class</u>	<u>Rate Schedules</u>	<u>Rate Adjustment</u>
ANO-1		
Residential	RS, RT	\$0.00000 per kWh
Small General Service	SGS, GFS, MP, AP, CTV, M14, CGS	\$0.00000 per kWh
Large General Service	LGS, GST, LPS, PST	\$0.00 per kW
Lighting	L1, L2, L4	\$0.00000 per kWh
ANO-2		
Residential	RS, RT	\$0.00000 per kWh
Small General Service	SGS, GFS, MP, AP, CTV, M14, CGS	\$0.00000 per kWh
Large General Service	LGS, GST, LPS, PST	\$0.00 per kW
Lighting	L1, L2, L4	\$0.00000 per kWh

Entergy Arkansas, Inc
ANO Decommissioning Model
Revenue Requirement Summary
(\$000)

Line No	Year	Unit 1		Unit 2		Both Units	
		Total Company [1]	Arkansas Retail [2]	Total Company [1]	Arkansas Retail [2]	Total Company	Arkansas Retail [2]
1	2004	0	0	0	0	0	0
2	2005	0	0	0	0	0	0
3	2006	0	0	0	0	0	0
4	2007	0	0	0	0	0	0
5	2008	0	0	0	0	0	0
6	2009	0	0	0	0	0	0
7	2010	0	0	0	0	0	0
8	2011	0	0	0	0	0	0
9	2012	0	0	0	0	0	0
10	2013	0	0	0	0	0	0
11	2014	0	0	0	0	0	0
12	2015	0	0	0	0	0	0
13	2016	0	0	0	0	0	0
14	2017	0	0	0	0	0	0
15	2018	0	0	0	0	0	0
16	2019	0	0	0	0	0	0
17	2020	0	0	0	0	0	0
18	2021	0	0	0	0	0	0
19	2022	0	0	0	0	0	0
20	2023	0	0	0	0	0	0
21	2024	0	0	0	0	0	0
22	2025	0	0	0	0	0	0
23	2026	0	0	0	0	0	0
24	2027	0	0	0	0	0	0
25	2028	0	0	0	0	0	0
26	2029	0	0	0	0	0	0
27	2030	0	0	0	0	0	0
28	2031	0	0	0	0	0	0
29	2032	0	0	0	0	0	0
30	2033	0	0	0	0	0	0
31	2034	0	0	0	0	0	0
32	2035	0	0	0	0	0	0
33	2036	0	0	0	0	0	0
34	2037	0	0	0	0	0	0
35	2038	0	0	0	0	0	0
36	2039	0	0	0	0	0	0
37	2040	0	0	0	0	0	0
38	2041	0	0	0	0	0	0
39	2042	0	0	0	0	0	0

Notes:

[1] See Workpaper B.2 for ANO Unit 1 Summary and B 5 for ANO Unit 2 Summary

[2] Total Company * Retail Allocation Factor (0.8613). See Page 9

Entergy Arkansas, Inc
ANO Decommissioning Model
Trust Balance Summary
(\$000)

Line No	Year	ANO 1 [1]	ANO 2 [2]	Both Units
1	2003	196,520	158,663	355,183
2	2004	207,547	167,854	375,401
3	2005	219,431	177,781	397,212
4	2006	231,888	188,201	420,088
5	2007	245,073	199,236	444,309
6	2008	259,486	211,323	470,809
7	2009	275,417	224,687	500,104
8	2010	293,030	239,462	532,492
9	2011	311,751	255,192	566,943
10	2012	331,705	272,081	603,786
11	2013	352,972	290,245	643,217
12	2014	375,639	309,951	685,590
13	2015	399,800	331,089	730,889
14	2016	425,551	353,693	779,244
15	2017	452,998	377,863	830,862
16	2018	482,253	384,228	866,481
17	2019	513,435	347,169	860,605
18	2020	546,672	366,563	913,235
19	2021	582,097	392,173	974,270
20	2022	619,857	419,573	1,039,431
21	2023	660,105	448,889	1,108,995
22	2024	703,006	480,255	1,183,261
23	2025	748,733	513,815	1,262,548
24	2026	797,474	549,720	1,347,195
25	2027	849,428	588,137	1,437,565
26	2028	904,806	629,239	1,534,045
27	2029	963,835	673,215	1,637,051
28	2030	1,026,756	720,266	1,747,022
29	2031	1,093,825	770,607	1,864,432
30	2032	1,162,814	824,468	1,987,281
31	2033	1,231,037	882,095	2,113,132
32	2034	1,244,927	943,751	2,188,678
33	2035	1,150,047	1,009,718	2,159,765
34	2036	1,001,010	1,052,205	2,053,215
35	2037	898,186	1,050,461	1,948,647
36	2038	862,510	905,692	1,768,202
37	2039	823,035	724,695	1,547,730
38	2040	810,754	662,092	1,472,845
39	2041	820,377	626,651	1,447,028
40	2042	841,108	614,190	1,455,298

Notes:

- [1] See Page 2.
- [2] See Page 5
- [3] Assumes that the 2045 balance is refunded to customers in 2045

Order No.:
Effective: January 2004

Attachment A to
Rate Schedule No. 37
Page 1 of 1

ATTACHMENT A

The Net Monthly Rates set forth in EAL's schedules identified below will be increased by the following Rate Adjustments amounts during the billing months of January 2004 through December 2004:

<u>Rate Class</u>	<u>Rate Schedules</u>	<u>Rate Adjustment</u>
ANO-1		
Residential	RS, RT	\$0.00000 per kWh
Small General Service	SGS, GFS, MP, AP, CTV, M14, CGS	\$0.00000 per kWh
Large General Service	LGS, GST, LPS, PST	\$0.00 per kW
Lighting	L1, L2, L4	\$0.00000 per kWh
ANO-2		
Residential	RS, RT	\$0.00000 per kWh
Small General Service	SGS, GFS, MP, AP, CTV, M14, CGS	\$0.00000 per kWh
Large General Service	LGS, GST, LPS, PST	\$0.00 per kW
Lighting	L1, L2, L4	\$0.00000 per kWh

Entergy Arkansas, Inc
ANO Decommissioning Model
Revenue Requirement Summary
(\$000)

Line No	Year	Unit 1		Unit 2		Both Units	
		Total Company [1]	Arkansas Retail [2]	Total Company [1]	Arkansas Retail [2]	Total Company	Arkansas Retail [2]
1	2004	0	0	0	0	0	0
2	2005	0	0	0	0	0	0
3	2006	0	0	0	0	0	0
4	2007	0	0	0	0	0	0
5	2008	0	0	0	0	0	0
6	2009	0	0	0	0	0	0
7	2010	0	0	0	0	0	0
8	2011	0	0	0	0	0	0
9	2012	0	0	0	0	0	0
10	2013	0	0	0	0	0	0
11	2014	0	0	0	0	0	0
12	2015	0	0	0	0	0	0
13	2016	0	0	0	0	0	0
14	2017	0	0	0	0	0	0
15	2018	0	0	0	0	0	0
16	2019	0	0	0	0	0	0
17	2020	0	0	0	0	0	0
18	2021	0	0	0	0	0	0
19	2022	0	0	0	0	0	0
20	2023	0	0	0	0	0	0
21	2024	0	0	0	0	0	0
22	2025	0	0	0	0	0	0
23	2026	0	0	0	0	0	0
24	2027	0	0	0	0	0	0
25	2028	0	0	0	0	0	0
26	2029	0	0	0	0	0	0
27	2030	0	0	0	0	0	0
28	2031	0	0	0	0	0	0
29	2032	0	0	0	0	0	0
30	2033	0	0	0	0	0	0
31	2034	0	0	0	0	0	0
32	2035	0	0	0	0	0	0
33	2036	0	0	0	0	0	0
34	2037	0	0	0	0	0	0
35	2038	0	0	0	0	0	0
36	2039	0	0	0	0	0	0
37	2040	0	0	0	0	0	0
38	2041	0	0	0	0	0	0
39	2042	0	0	0	0	0	0

Notes:

- [1] See Workpaper E 2 for ANO Unit 1 Summary and E.5 for ANO Unit 2 Summary
[2] Total Company * Retail Allocation Factor (0.8613) See Page 9.

Entergy Arkansas, Inc
ANO Decommissioning Model
Trust Balance Summary
(\$000)

Line No	Year	ANO 1 [1]	ANO 2 [2]	Both Units
1	2003	196,520	158,663	355,183
2	2004	207,547	167,854	375,401
3	2005	219,431	177,781	397,212
4	2006	231,888	188,201	420,088
5	2007	245,073	199,236	444,309
6	2008	259,486	211,323	470,809
7	2009	275,417	224,687	500,104
8	2010	293,030	239,462	532,492
9	2011	311,751	255,192	566,943
10	2012	331,705	272,081	603,786
11	2013	352,972	290,245	643,217
12	2014	375,639	309,951	685,590
13	2015	399,800	331,089	730,889
14	2016	425,551	353,693	779,244
15	2017	452,998	377,863	830,862
16	2018	482,253	384,228	866,481
17	2019	513,435	347,169	860,605
18	2020	546,672	366,563	913,235
19	2021	582,097	392,173	974,270
20	2022	619,857	419,573	1,039,431
21	2023	660,105	448,889	1,108,995
22	2024	703,006	480,255	1,183,261
23	2025	748,733	513,815	1,262,548
24	2026	797,474	549,720	1,347,195
25	2027	849,428	588,137	1,437,565
26	2028	904,806	629,239	1,534,045
27	2029	963,835	673,215	1,637,051
28	2030	1,026,756	720,266	1,747,022
29	2031	1,093,825	770,607	1,864,432
30	2032	1,162,814	824,468	1,987,281
31	2033	1,231,037	882,095	2,113,132
32	2034	1,244,927	943,751	2,188,678
33	2035	1,150,047	1,009,718	2,159,765
34	2036	1,001,010	1,052,205	2,053,215
35	2037	898,186	1,050,461	1,948,647
36	2038	862,510	905,692	1,768,202
37	2039	823,035	724,695	1,547,730
38	2040	810,754	662,092	1,472,845
39	2041	820,377	626,651	1,447,028
40	2042	841,108	614,190	1,455,298

Notes

- [1] See Page 2
[2] See Page 5
[3] Assumes that the 2045 balance is refunded to customers in 2045.

Entergy Arkansas, Inc
ANO Decommissioning Model
Trust Balance Summary
(\$000)

Line No	Year	ANO 1 [1]	ANO 2 [2]	Both Units
1	2003	196,520	158,663	355,183
2	2004	207,547	167,854	375,401
3	2005	219,431	177,781	397,212
4	2006	231,888	188,201	420,088
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6	2008	259,486	211,323	470,809
7	2009	275,417	224,687	500,104
8	2010	293,030	239,462	532,492
9	2011	311,751	255,192	566,943
10	2012	331,705	272,081	603,786
11	2013	352,972	290,245	643,217
12	2014	375,639	309,951	685,590
13	2015	399,800	331,089	730,889
14	2016	425,551	353,693	779,244
15	2017	452,998	377,863	830,862
16	2018	482,253	403,709	885,962
17	2019	513,435	431,346	944,782
18	2020	546,672	460,900	1,007,571
19	2021	582,097	492,502	1,074,599
20	2022	619,857	526,295	1,146,152
21	2023	660,105	562,431	1,222,536
22	2024	703,006	601,073	1,304,078
23	2025	748,733	642,394	1,391,127
24	2026	797,474	686,581	1,484,055
25	2027	849,428	733,832	1,583,260
26	2028	904,806	784,360	1,689,167
27	2029	963,835	838,393	1,802,228
28	2030	1,026,756	896,173	1,922,929
29	2031	1,093,825	957,962	2,051,787
30	2032	1,162,814	1,024,036	2,186,850
31	2033	1,231,037	1,094,695	2,325,732
32	2034	1,244,920	1,170,255	2,415,175
33	2035	1,148,825	1,251,057	2,399,883
34	2036	1,000,326	1,334,482	2,334,809
35	2037	895,686	1,416,341	2,312,027
36	2038	854,266	1,468,109	2,322,376
37	2039	808,594	1,430,582	2,239,176
38	2040	826,639	1,266,613	2,093,252
39	2041	864,776	1,125,197	1,989,972
40	2042	905,327	1,062,874	1,968,201
41	2043	948,285	993,745	1,942,030
42	2044	967,387	970,046	1,937,432
43	2045	984,327	946,260	1,930,586
44	2046	1,009,956	933,044	1,943,000

Notes:

- [1] See Page 2
- [2] See Page 5
- [3] Assumes that the 2045 balance is refunded to customers in 2045

**TESTIMONY & EXHIBITS
OF
ARKANSAS PUBLIC SERVICE COMMISSION
STAFF WITNESS
KAREN FRICKE**

**FILED NOVEMBER 21, 2003
IN APSC DOCKET NO. 87-166-TF**

**ON EAI'S ANO DECOMMISSIONING COST RIDER M26 UPDATE
(RATE SCHEDULE NO. 37)**

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

NOV 21 9 53 AM '03

FILED

IN THE MATTER OF ARKANSAS POWER &)
LIGHT COMPANY'S PROPOSED NUCLEAR)
DECOMMISSIONING COST RIDER M26 AND)
PROPOSED DEPRECIATION RATE)
REDUCTION RIDER M41)

DOCKET NO. 87-166-TF

PREPARED TESTIMONY

OF

KAREN FRICKE
PUBLIC UTILITY ANALYST

ON BEHALF OF THE
ARKANSAS PUBLIC SERVICE COMMISSION
GENERAL STAFF

NOVEMBER 21, 2003

Introduction

Q. Please state your name and business address.

A. My name is Karen Fricke. My business address is Arkansas Public Service Commission (Commission or APSC), 1000 Center, Little Rock, Arkansas 72201.

Q. In what capacity are you employed at the Commission?

A. I am a Public Utility Analyst in the Staff's Financial Analysis Section. In that capacity, I provide analysis of utility companies and utility company filings, develop positions thereto, present that position when necessary in written and oral testimony before the Commission, and perform other duties as assigned. One of my primary responsibilities for the last ten years has been the review of all decommissioning filings including the annual updates for Rider M26, proposed revisions in the cost estimates for decommissioning, and the filings required by the ANO Decommissioning Trust Fund Guidelines.

Q. Please describe your educational training and experience.

A. I graduated from Southwestern at Memphis (now Rhodes College) in Memphis, Tennessee, in June, 1976 with a Bachelor of Arts degree in Economics. In January, 1980 I received a Master of Arts degree in Business Administration from the University of Arkansas at Little Rock. I have over 20 years experience in utility regulation and rate matters.

I joined the Staff of the Arkansas Public Service Commission as a Rate Analyst in October, 1978. While employed by the Staff, I prepared and presented testimony in many dockets before the Commission addressing electric, gas,

1 telephone, and water rate issues. I also attended numerous schools and seminars
2 on various aspects of utility regulation.

3 In February, 1987 I took a position as Rate Analyst for the North Little
4 Rock Electric Department, a local municipal electric utility. My duties included
5 review and monitoring of wholesale power costs, negotiation of wholesale power
6 and service agreements, and serving as acting General Manager.

7 In June, 1992 I returned to the Commission in my present position. Since
8 returning to the Commission I have focused on nuclear decommissioning cost and
9 funding matters in addition to electric and gas rate allocation and design issues,
10 and other policy issues.

11 **Purpose of Testimony**

12 **Q. What is the purpose of your testimony?**

13 A. The purpose of this testimony is to address the annual Rider M26 rate filed by
14 Entergy Arkansas, Inc. ("EAI" or "Company") on October 31, 2003 as required
15 by the Commission.

16 **Filing Requirements**

17 **Q. What are the requirements for the Rider M26 annual November 1 filing?**

18 A. Order No. 5 in this docket required the annual filing of revenue requirement
19 calculations assuming current information on fund balances, cost projections, and
20 license termination dates. The Commission's instructions in Order Nos. 27 and
21 32 in this docket expanded the annual filing to include revenue requirement
22 calculations assuming a rate level of zero for the upcoming calendar year and

1 calculations of excess revenues assuming 20 year license extensions for both
2 units. Therefore, the annual Rider M26 filing should include the following:

- 3 1) The decommissioning revenue requirement model as required by
4 Rider M26;
- 5 2) The decommissioning revenue requirement model with a revenue
6 requirement of zero for the upcoming year; and
7
- 8 3) Calculations of excess revenues assuming a 20 year license extension for
9 both ANO units.
10

11
12 **Q. Does the Company's filing include the three scenarios just discussed?**

13 **A.** Yes, the October 31, 2003 Rider M26 annual filing meets the filing requirements.

14 **Annual Review of Continued Suspension**

15 **Q. Has EAI filed a Rider M26 rate adjustment reflecting continued suspension**
16 **of collections and a revenue requirement of zero for 2004?**

17 **A.** Yes. As stated in EAI's filing, revised Attachment A to Rider M26 contains
18 decommissioning rate adjustments that are to be effective for the billing months
19 of January 2004 through December 2004. Attachment A reflects a rate
20 adjustment of zero for all classes for both ANO units.

21 **Q. What was the basis for your review of the annual filing and supporting**
22 **workpapers?**

23 **A.** The basis for my review was Order No. 32 in this docket. The Conclusion to
24 Order 32 states in part:

25 The question before the commission is not whether EAI should be
26 denied recovery of appropriate decommissioning costs for its ANO
27 nuclear units. No party suggests that the Commission consider this
28 as an option and Ms. Fricke acknowledges that her proposal "will
29 not jeopardize the ultimate recovery of decommissioning costs."

1
2 ...The issue at hand is one of balancing the financial and public
3 interest risks of significantly over-collecting decommissioning
4 funds from ratepayers, based on reasonably predictable future
5 events, versus the ability to re-institute collection and have
6 comparatively de minimus amount of money to seek from
7 customers upon the occurrence of a less likely scenario.

8
9 ... (6) if EAI does not choose to extend operations, adoption of a
10 zero rate for one to four years now will not have a materially
11 adverse impact on ratepayers. In other words, the evidence
12 indicates that it is much more likely that over-collections from
13 continuance of M26 recovery will result, which will add up to far
14 more money than any possible funding deficiency that might have
15 to be addressed in the future.

16
17 The Commission finds that NRC license extension approval for
18 ANO Units 1 and 2 is highly likely. The Commission finds that
19 EAI, upon license extension, will have the opportunity to continue
20 plant operations for up to an additional twenty years. The
21 Commission finds that there is a substantial risk of over-collection
22 of decommissioning costs, should re-licensing be approved and
23 extended operations occur. The Commission finds that, in
24 contrast, there is negligible risk that there will be a materially
25 adverse impact on ratepayers, if a zero rate is adopted in the short
26 term but ANO operations are not extended. Balancing those risks,
27 the Commission finds that the current Rider M26 should be
28 calculated to reflect a 20-year extended life of the ANO units. As
29 such, EAI is ordered to file its next Rider M26 update reflecting
30 the resulting zero rate for the coming year. As recommended by
31 witness Fricke, EAI is to continue its expanded filing so that the
32 Commission may monitor the adequacy of the decommissioning
33 trust balances on an annual basis.

34
35
36 **Q. Have you reviewed the current status of license renewals by the NRC?**

37 **A.** Yes. ANO Unit 1 was granted a license extension in June 2001. The
38 NRC is continuing to grant license renewals on or ahead of schedule. The
39 NRC has extended the licenses of nineteen reactors and currently has
40 sixteen applications under review. The owners of another 23 reactors have

1 notified the NRC of their intentions to seek license extensions by
2 September 2006. Entergy filed a license renewal application for ANO
3 Unit 2 on October 15, 2003. A decision on the ANO Unit 2 application is
4 currently scheduled for April 2006.

5 **Q. Have you reviewed the current status of the trust fund balances?**

6 A. I monitor the balances throughout the year with the quarterly reports
7 required by the ANO Decommissioning Trust Fund Guidelines. The fund
8 balance projections for December 31, 2003 used in the Rider M26 Model
9 are slightly greater than the balances for June 30, 2003. The June 30,
10 2003 and Projected December 31, 2003 trust fund balances are shown in
11 Exhibit KF-1.

12 **Q. If there were no further contributions to the ANO-2 funds and the**
13 **license for ANO-2 were renewed, what is the current projected over-**
14 **collection?**

15 A. The over-collection for ANO Unit 2 without any further contributions is projected
16 to be slightly less than \$1 billion as reflected on Workpaper F.5 attached as
17 Exhibit KF-2.

18 **Q. Order No. 32 compared the risk of over collection of decommissioning costs**
19 **with the risk of a materially adverse impact on ratepayers if a zero rate was**
20 **adopted in the short run and ANO operations are not extended. Have you**
21 **compared the risk of over collection to the risk of increased future revenue**
22 **requirements based on current information?**

1 A. Yes, although the current rate calculation does not reflect any future revenue
2 requirements. With the updated 5 year decommissioning cost estimate reflecting
3 the safestor method (delayed decommissioning) for ANO Unit 2, the Rider M26
4 Model revenue requirements are all zero. Since the rate calculation is zero, there
5 is no risk of future revenue requirements associated with this year's Rider M26
6 Model revenue requirement calculations.

7 **Q. Did the Commission's Order No. 9 in Docket No. 03-028-U address the ANO**
8 **Decommissioning Cost Rider?**

9 A. Yes. Order No. 9 provides:

10 As a condition of the Commission's approval of the PPAs, EAI shall,
11 through appropriate ratepayer protections to be developed in Phase 2 of
12 this proceeding, protect ratepayers from any negative effects which may
13 result from approval of the PPAs due to the operation of EAI's Energy
14 Cost Recovery Rider, the Grand Gulf Rider, the ANO Decommissioning
15 Cost Rider, and the application of the Entergy System Agreement. This
16 rate payer protection shall be retroactive to June 1, 2003.
17

18 Thus, ratepayer protections relating to the ANO Decommissioning Cost Rider
19 will be addressed in Phase 2 of Docket No. 03-028-U.

20 **Recommendation**

21 **Q. Please summarize your recommendations to the Commission.**

22 A. The decommissioning funding is adequate at this time to continue a revenue
23 requirement of zero. I, therefore, recommend the Commission order a revenue
24 requirement of zero and continue to suspend collections for Rider M26 for 2004.
25 The Commission should approve Attachment A in the October 31, 2003 filing
26 which reflects a rate of zero for all classes for both ANO-1 and ANO-2.

ENTERGY ARKANSAS, INC.

DOCKET NO. 87-166-TF

PREPARED TESTIMONY OF KAREN FRICKE -7-

1 **Q. Does this conclude your testimony?**

2 **A. Yes, it does.**

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Testimony has been served on all parties of record by forwarding the same by first class mail, postage prepaid, this 21st day of November, 2003.


Valerie F. Boyce

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

NOV 21 9 52 AM '03

FILED

1

IN THE MATTER OF ARKANSAS POWER &)
LIGHT COMPANY'S PROPOSED NUCLEAR)
DECOMMISSIONING COST RIDER M26 AND)
PROPOSED DEPRECIATION RATE)
REDUCTION RIDER M41)

DOCKET NO. 87-166-TF

PREPARED EXHIBITS

OF

KAREN FRICKE
PUBLIC UTILITY ANALYST

ON BEHALF OF THE
ARKANSAS PUBLIC SERVICE COMMISSION
GENERAL STAFF

NOVEMBER 21, 2003

TRUST FUND	JUNE 30, 2003 BALANCE	DECEMBER 31, 2003 BALANCE
ANO 1 Tax Qualified	\$ 149.96 million	\$ 152.98 million
ANO 2 Tax Qualified	\$ 137.73 million	\$ 139.83 million
ANO 1&2 Non-Tax Qualified	\$ 48.17 million	\$ 50.30 million

ENTERGY ARKANSAS INC.
 CASE NO. 87-166-TF

Entergy Arkansas, Inc
 ANO Decommissioning Model
 Unit 2 Summary
 (\$000)

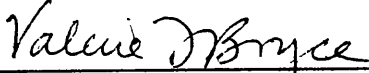
Line No	Year	Revenue Rqmt. [1]	Non-Tax Qualified Trust [2]		Deferred Tax Bal [2]	Tax Qualified Trust [3]		Decomm. Expend [4]	Decomm. Fund Balance [5]
			Net Additions	Trust Balance		Net Additions	Trust Balance		
1	Beginning Balance			14,595	4,240		139,828		158,663
2	2004	0	848	15,443	4,240	8,342	148,170	0	167,854
3	2005	0	903	16,346	4,240	9,024	157,194	0	177,781
4	2006	0	958	17,304	4,240	9,462	166,656	0	188,201
5	2007	0	1,020	18,324	4,240	10,015	176,672	0	199,236
6	2008	0	1,086	19,410	4,240	11,001	187,672	0	211,323
7	2009	0	1,155	20,565	4,240	12,210	199,882	0	224,687
8	2010	0	1,233	21,798	4,240	13,542	213,424	0	239,462
9	2011	0	1,314	23,111	4,240	14,417	227,841	0	255,192
10	2012	0	1,403	24,514	4,240	15,486	243,327	0	272,081
11	2013	0	1,498	26,012	4,240	16,666	259,993	0	290,245
12	2014	0	1,601	27,613	4,240	18,105	278,097	0	309,951
13	2015	0	1,714	29,328	4,240	19,424	297,522	0	331,089
14	2016	0	1,821	31,149	4,240	20,782	318,304	0	353,693
15	2017	0	1,935	33,084	4,240	22,235	340,539	0	377,863
16	2018	0	2,056	35,140	4,240	23,790	364,329	0	403,709
17	2019	0	2,184	37,323	4,240	25,454	389,783	0	431,346
18	2020	0	2,320	39,643	4,240	27,233	417,016	0	460,900
19	2021	0	2,465	42,108	4,240	29,137	446,154	0	492,502
20	2022	0	2,618	44,726	4,240	31,175	477,329	0	526,295
21	2023	0	2,782	47,508	4,240	33,355	510,683	0	562,431
22	2024	0	2,955	50,463	4,240	35,687	546,370	0	601,073
23	2025	0	3,139	53,602	4,240	38,182	584,552	0	642,394
24	2026	0	3,335	56,937	4,240	40,852	625,404	0	686,581
25	2027	0	3,543	60,480	4,240	43,708	669,112	0	733,832
26	2028	0	3,764	64,244	4,240	46,764	715,876	0	784,360
27	2029	0	3,999	68,243	4,240	50,034	765,910	0	838,393
28	2030	0	4,248	72,491	4,240	53,532	819,442	0	896,173
29	2031	0	4,513	77,004	4,240	57,275	876,717	0	957,962
30	2032	0	4,794	81,799	4,240	61,280	937,997	0	1,024,036
31	2033	0	5,093	86,892	4,240	65,565	1,003,562	0	1,094,695
32	2034	0	5,411	92,303	4,240	70,149	1,073,711	0	1,170,255
33	2035	0	5,749	98,052	4,240	75,054	1,148,765	0	1,251,057
34	2036	0	5,855	103,907	4,240	77,570	1,226,336	0	1,334,482
35	2037	0	5,756	109,662	4,240	76,103	1,302,439	0	1,416,341
36	2038	0	5,827	88,197	0	77,473	1,379,912	31,533	1,468,109
37	2039	0	4,513	0	0	78,818	1,430,582	120,858	1,430,582
38	2040	0	0	0	0	82,449	1,266,613	246,418	1,266,613
39	2041	0	0	0	0	73,517	1,125,197	214,933	1,125,197
40	2042	0	0	0	0	65,886	1,062,874	128,208	1,062,874
41	2043	0	0	0	0	62,235	993,745	131,364	993,745
42	2044	0	0	0	0	58,186	970,046	81,886	970,046
43	2045	0	0	0	0	56,798	946,260	80,584	946,260
44	2046	0	0	0	0	55,405	933,044	68,620	933,044

Notes

- [1] The Revenue Requirements are set to zero for every year
 [2] See Workpaper F.6
 [3] See Workpaper F.7
 [4] See Workpaper F.8.
 [5] Non-Tax Qualified Trust Balance + Deferred Tax Balance + Tax Qualified Trust Balance

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Exhibits has been served on all parties of record by forwarding the same by first class mail, postage prepaid, this 21st day of November, 2003.



Valerie F. Boyce

ARKANSAS PUBLIC SERVICE COMMISSION

ORDER NO. 42 ISSUED NOVEMBER 24, 2003

IN APSC DOCKET NO. 87-166-TF

**ON EAI'S ANO DECOMMISSIONING COST RIDER M26 UPDATE
(RATE SCHEDULE NO. 37)**

ARKANSAS PUBLIC SERVICE COMMISSION

ARKANSAS PUBLIC SERVICE COMM.
K. WILSON
OF COMM

2003 NOV 24 P 2: 25

FILED

IN THE MATTER OF ARKANSAS POWER &)
LIGHT COMPANY'S PROPOSED NUCLEAR)
DECOMMISSIONING COST RIDER M26 AND)
PROPOSED DEPRECIATION RATE)
REDUCTION RIDER M41)

DOCKET NO. 87-166-TF
ORDER NO. 42

ORDER

On October 31, 2003, Entergy Arkansas, Inc. ("EAI" or "Company") filed, pursuant to the requirements of the ANO Decommissioning Cost Rider M26 ("Rider M26") and the Commission's Orders No. 5, 27, 32, and 41 in this docket: (1) Attachment 1 which is the Revised Attachment A to Rider M26 containing decommissioning rate adjustments that are to be effective for the billing months from January, 2004 through December, 2004; the supporting Revenue Requirement Summary page of the decommissioning model; and a summary of the decommissioning fund Balances (Scenario 1 Order No. 41); (2) Attachment 2 which is the same as Attachment 1 with a revenue requirement of zero for the upcoming year; and, (3) Attachment 3 which is the calculation of the decommissioning fund balances assuming a 20-year life extension for both ANO units (Scenario 2 Order No. 41). The revised rate adjustments in Attachments 1 and 2 include (1) 50 percent equity balances and (2) the WEFA forecasting data as outlined in Order No. 32 in this Docket. Attachment 1 indicates that the revenue requirement and rate will remain at the zero level for 2004.

On November 21, 2003, Staff Witness Karen Fricke filed testimony and exhibits on behalf of the Staff of the Arkansas Public Service Commission Staff. Witness Fricke testified that she has reviewed EAI's current tariff update for Rider M26 and finds that it complies with the requirements

1
9

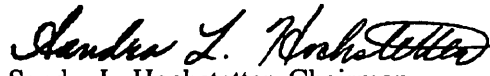
8

of the tariff and the orders of the Commission in this Docket. Witness Fricke further testified that the current ANO decommissioning fund balances are adequate at this time to continue a Rider M26 revenue requirement of zero and to continue to suspend collections for Rider M26 for 2004.


Accordingly, the Commission hereby finds that a zero revenue requirement finding for Rider M26 is appropriate. Therefore, EAI's October 31, 2003, Rider M26 Revised Attachment A, reflecting a zero revenue requirement and a zero rate for all customer classes for both nuclear units ANO-1 and ANO-2, is hereby approved for year 2004.

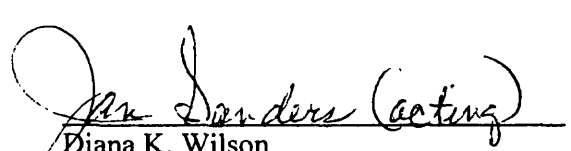
BY ORDER OF THE COMMISSION.

This 24th day of November, 2003.

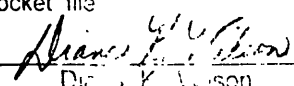

Sandra L. Hochstetter, Chairman


Daryl E. Bassett, Commissioner


Randy Bynum, Commissioner


Diana K. Wilson
Secretary of the Commission

certified that a copy of this order has been served on each party to this case by U.S. mail with postage paid, using the address of each party as indicated in the official docket file.


Diana K. Wilson

Secretary of the Commission

11-24-03 JCS

**DOCUMENTS FILED BY EAI WITH THE
ARKANSAS PUBLIC SERVICE COMMISSION
ON OCTOBER 31, 2003
IN APSC DOCKET NO. 87-166-TF**

**EAI'S ANO DECOMMISSIONING COST RIDER M26 UPDATE
(RATE SCHEDULE NO. 37)**



October 31, 2003

ARK PI

3500

OCT 31 2 22 PM '03

Entergy Arkansas
425 West Capitol
P.O. Box 551
Little Rock, AR 72203-0551
Tel 501 377 4457
Fax 501 377 4415

Steven K. Strickland
Vice President
Regulatory Affairs

FILED

Ms. Diana Wilson, Secretary
Arkansas Public Service Commission
P. O. Box 400
Little Rock, AR 72203-0400

Re: APSC Docket No. 03-191-TF
Grand Gulf Rider M33 Update

Dear Ms. Wilson:

Pursuant to the terms of the Grand Gulf Rider M33 (Rider M33) and the Stipulation and Settlement Agreement approved by the Arkansas Public Service Commission in its Order No. 26 in Docket No. 84-249-U, as modified by the Amendment to the Stipulation and Settlement Agreement approved by the Commission in Docket No. 88-115-TF, as further modified by the Settlement Agreement approved by the Commission in Docket No. 00-177-U, please find attached for filing with the Commission an original and thirteen copies of the following:

Attachment A

A fifth revised Sheet 42.2 of the Rider (M33), which includes revised Net Monthly Rates to become effective with the first billing cycle of January 2004. Based on projected 2004 billing units, the proposed rate change from the rate in effect since January 2003 will result in an annual estimated increase to Arkansas retail ratepayers of approximately \$17.9 million. This is the result of a \$14.4 million increase in projected Grand Gulf demand revenue requirements and an increase of \$3.5 million in the under recovery balance as compared to the balance in September 2002.

Attachment B

A summary of the Rider M33 Revenue Requirement for 2004, which reflects the under recovery adjustment for the October 2002 through September 2003 period (including the SERI refund) and the projected Grand Gulf capacity costs for the year ended December 2004 including the Grand Gulf Accelerated Tariff (GGART) Revenue Requirement for 2004.

1 **I. BACKGROUND AND INTRODUCTION**

2 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A. My name is Phillip B. Gillam. My business address is 425 West Capitol
4 Avenue, Little Rock, Arkansas 72201.

5
6 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

7 A. I am employed by Entergy Services, Inc. ("ESI") as Director, Revenue
8 Requirements and Analyses.

9
10 Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.

11 A. I hold a Bachelor of Science degree in accounting from the University of
12 Arkansas at Little Rock, Little Rock, Arkansas.

13 I am a Certified Public Accountant in Arkansas and belong to the
14 Arkansas Society of Certified Public Accountants and the American
15 Institute of Certified Public Accountants.

16
17 Q. PLEASE DESCRIBE YOUR BUSINESS EXPERIENCE AND
18 RESPONSIBILITIES.

19 A. From 1978 through 1980 I worked for the University of Arkansas Industrial
20 Research & Extension Center as an Analyst, Small Business
21 Development Center.

1 I began working for Arkansas Power & Light Company ("AP&L") in
2 1980 as a Staff Accountant in the Property Accounting Section. I was
3 responsible for Property Accounting related special projects and year-end
4 tax information reporting. I was promoted to Accountant in 1982 and
5 transferred to the Taxes & Special Studies Section where I was
6 responsible for preparing accounting data for various rate filings and state
7 and federal income tax reports. In 1983 I accepted the position of
8 Supervisor of Taxes & Special Studies where I was directly responsible for
9 state and local tax filings such as sales tax and ad valorem taxes, as well
10 as preparing and reviewing accounting data, testimony and exhibits for
11 various rate filings.

12 In 1988, I moved to Property Accounting as Supervisor where I was
13 responsible for the accounting of AP&L's non-nuclear generation and
14 transmission plant assets, which included Construction Work in Progress
15 ("CWIP") accounting, the Continuing Property Record ("CPR"), and year-
16 end and ad hoc projects.

17 In 1991, I moved to New Orleans, Louisiana, as Manager of
18 Property Accounting for Louisiana Power & Light Company and New
19 Orleans Public Services, Inc. where I was responsible for all Property
20 Accounting functions and activities including CWIP, CPR, year-end and
21 ad hoc projects. In 1999 I accepted a position with ESI as Property

1 Accounting Manager for the Entergy System where I was responsible for
2 the accounting of the Operating Companies'¹ generation plant assets.

3 In 1999, I accepted a position as Manager of Corporate Reporting
4 in charge of Corporate Governance of the Property Accounting function
5 including plant accounting policies, capital accounting process oversight
6 and plant accounting special projects.

7 In 2002, I moved to Little Rock as Director, Revenue Requirements
8 and Analyses, and am responsible for the development of cost-of-service
9 studies for each jurisdiction. I am also responsible for EAI's periodic
10 filings related to the Grand Gulf Rider M33 ("Rider M33"), the ANO
11 Decommissioning Cost Rider M26 ("Rider M26"), and the Energy Cost
12 Recovery Rider ("Rider ECR").

13

14 Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

15 A. I am testifying on behalf of Entergy Arkansas, Inc. ("EAI" or the
16 "Company").

17

18 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

19 A. My Direct Testimony in this Docket will explain the calculation of the rates
20 that the Company is filing in this revision to Rider M33. In particular, I will
21 describe the methodology utilized to calculate the reserve equalization

¹ The Entergy Operating Companies include Entergy Arkansas, Inc.; Entergy Gulf States, Inc.; Entergy Louisiana, Inc.; Entergy Mississippi, Inc.; and Entergy New Orleans, Inc.

1 credit to the annual revenue requirement as described in Section 42.3.3 of
2 Rider M33.

3
4 **II. RIDER M33 CALCULATION**

5 Q. WHAT IS THE PURPOSE OF RIDER M33?

6 A. The purpose of Rider M33 is to collect the applicable demand related
7 portion of EAI's 36 percent allocation of Grand Gulf Nuclear Station
8 purchased power costs. The rider is designed to recover the demand
9 related portion of purchased power costs that are projected to be incurred
10 for the next calendar year (the "Forecast Period") and any prior over or
11 under recovery of such costs. The tariff directs that EAI file new Rider
12 M33 Net Monthly Rates on or before November 1 each year to be
13 effective January 1 of the following year. Rider M33 was initially approved
14 by the Arkansas Public Service Commission ("APSC" or the
15 "Commission") as part of the 1985 Stipulation and Settlement Agreement
16 in APSC Docket No. 84-249-U and was later amended in APSC Docket
17 No. 88-115-TF ("Amended 1985 Settlement Agreement").

18
19 Q. ARE THERE ANY ADJUSTMENTS TO THE ALLOCATED GRAND GULF
20 DEMAND RELATED COSTS TO BE RECOVERED BY RIDER M33?

21 A. Yes. The tariff directs in Section 42.3.3, "The Grand Gulf demand related
22 costs will be reduced to reflect reserve equalization receipts, if any, which
23 may be associated with the Company's allocation of Grand Gulf capacity."

1

2 Q. WHY IS THIS APPROPRIATE?

3 A. Pursuant to the Service Schedule MSS-1 (Reserve Equalization) of the
4 Entergy System Agreement, the Operating Companies share generating
5 reserves based upon whether each Operating Company is long (more
6 generating capacity relative to its capability responsibility²) or short (less
7 generation capacity relative to its capability responsibility). The capacity
8 associated with EAI's allocation of Grand Gulf purchased power is
9 counted toward EAI's total generation in making this determination of
10 whether EAI is long or short ("EAI Excess/Deficient Capacity") of
11 generation. Therefore, the tariff directs that any benefit associated with
12 any increased reserve equalization receipts that EAI may receive due to
13 EAI's allocation of Grand Gulf capacity is used to offset the Grand Gulf
14 demand related costs.

15

16 Q. WHAT ARE THE DEMAND RELATED GRAND GULF COSTS
17 REFLECTED IN THIS REVISION TO RIDER M33 AND THE NEW NET
18 MONTHLY RATES?

19 A. The under recovered balance of Grand Gulf demand related costs at
20 September 30, 2003 was \$7,359,360 and the projected Grand Gulf

² Per Section 10.03 of the Entergy System Agreement, capability responsibility is the product of the total Entergy System generation capability times the ratio of the Company load responsibility to the System load responsibility.

1 demand related revenue requirement for the 2004 calendar year is
2 \$118,675,922. Therefore, the total Rider M33 revenue requirement in this
3 revision is \$126,035,282, which is divided by projected sales and/or
4 demand to determine the Net Monthly Rates to be applied to customers'
5 bills. The calculation of the rate adjustment required to recover this
6 revenue requirement is shown on EAI Exhibit PBG-1.

7
8 Q. WERE THE GRAND GULF DEMAND RELATED COSTS IN THIS
9 REVISION TO RIDER M33 REDUCED FOR ANY RESERVE
10 EQUALIZATION RECEIPTS?

11 A. Yes. As shown on EAI Exhibit PBG-2, EAI received reserve equalization
12 receipts in the months of October 2002 through June 2003. This revision
13 to Rider M33 reflects a total reduction of \$3,289,355 on an Arkansas retail
14 basis to the Grand Gulf demand related costs in calculating the current
15 year under recovered amount of \$7,359,360, which is shown on EAI
16 Exhibit PBG-1.

17
18 Q. PLEASE DESCRIBE THE CALCULATIONS REFLECTED ON EAI
19 EXHIBIT PBG-2 AND EAI EXHIBIT PBG-3.

20 A. The calculations on EAI Exhibit PBG-2 and EAI Exhibit PBG-3 are the
21 same. Only the time periods are different. The Arkansas retail reserve
22 equalization credit calculated on EAI Exhibit PBG-2 for the twelve months
23 ended September, 2003, and EAI Exhibit PBG-3 for the Forecast Period

1 is utilized to determine the current year over or under recovery and the
2 projected demand related Grand Gulf costs, respectively.

3 The calculation begins with EAI's 36 percent allocation of Grand
4 Gulf capacity. This capacity is further allocated to EAI's Current Recovery
5 Share per the Amended 1985 Settlement Agreement. The reserve
6 equalization excess capacity applicable for Rider M33 ("M33 Excess
7 Capacity") is calculated as the minimum of: 1) the capacity associated
8 with EAI's Current Recovery Share ("Current Recovery Share Capacity"),
9 and 2) the EAI Excess Capacity.

10
11 Q. PLEASE DESCRIBE WHAT IS MEANT BY CURRENT RECOVERY
12 SHARE.

13 A. The Amended 1985 Settlement Agreement permits the Company to
14 recover the Arkansas retail percentage of a specified portion of the Grand
15 Gulf demand related costs on a current basis ("Current Recovery Share").
16 Beginning in 1999 and all succeeding years, the Current Recovery Share
17 is 78 percent of the Company's 36 percent allocation of Grand Gulf
18 demand related costs.

19
20 Q. DOES THIS METHODOLOGY RESULT IN EAI'S RESERVE
21 EQUALIZATION RECEIPTS BEING FIRST ASSOCIATED WITH THE
22 CURRENT RECOVERY SHARE CAPACITY?

1 A. Yes, it does. Under this methodology, any reserve equalization receipts
2 that EAI receives are first associated with the Current Recovery Share
3 Capacity up to 100 percent of that capacity.
4

5 Q. PLEASE CONTINUE WITH YOUR DESCRIPTION OF THE
6 CALCULATIONS REFLECTED ON EAI EXHIBIT PBG-2 AND EAI
7 EXHIBIT PBG-3.

8 A. The M33 Excess Capacity for each month is multiplied by the reserve
9 equalization rate for EAI and the Arkansas retail allocation factor (86.13
10 percent) to determine the Arkansas retail portion of the reserve
11 equalization credit. These calculations show that the reserve equalization
12 credit for the twelve-month period ending September 30, 2003 is
13 \$3,289,355 and for the Forecast Period the credit is \$0.
14

15 Q. WHY IS THERE NOT A RESERVE EQUALIZATION CREDIT ON EAI
16 EXHIBIT PBG-2 AND EAI EXHIBIT PBG-3 FOR THE MONTHS OF JULY
17 2003 THROUGH SEPTEMBER 2003 AND THE 2004 CALENDAR
18 YEAR?

19 A. The Company did not receive and is not projected to receive any reserve
20 equalization receipts in the months of July 2003 through September 2003
21 and the 2004 calendar year.

22 As I stated earlier, Section 42.3.3 of Rider M33 states, "The Grand
23 Gulf demand related costs will be reduced to reflect reserve equalization

1 receipts, if any, ...". This wording indicates that the Grand Gulf demand
2 related costs are to be reduced to reflect reserve equalization receipts for
3 those months in which such receipts exist. Therefore, if there are no
4 reserve equalization receipts, then no receipts are to be reflected in the
5 determination of the Arkansas retail reserve equalization credit.
6

7 Q. IS THE METHODOLOGY DESCRIBED ABOVE FOR DETERMINING
8 THE ARKANSAS RETAIL PORTION OF THE RESERVE
9 EQUALIZATION CREDIT CONSISTENT WITH PRIOR REVISIONS TO
10 RIDER M33?

11 A. Yes, to a point. Prior revisions to Rider M33 did not compare the Current
12 Recovery Share Capacity to EAI's Excess Capacity to determine the M33
13 Excess Capacity. The prior calculations implicitly assumed that EAI's
14 Excess Capacity was at least equal to the calculated amount of Current
15 Recovery Share Capacity. The revisions to Rider M33 filed in 1998
16 through 2002 included some months in which EAI's Excess Capacity was
17 less than the Current Recovery Share Capacity. However, the entire
18 Current Recovery Share Capacity was used for all months in these
19 revisions to determine the Arkansas retail reserve equalization credit.
20 Therefore, these revisions overstated the reserve equalization credit used
21 to calculate the Rider M33 rate.
22

1 Q. HAS THE COMPANY REVISED ITS METHODOLOGY TO CALCULATE
2 THE RESERVE EQUALIZATION CREDIT IN THIS REVISION TO RIDER
3 M33 TO ACCOUNT FOR THIS COMPARISON OF THE ACTUAL
4 EXCESS CAPACITY TO THE CALCULATED CURRENT RECOVERY
5 SHARE CAPACITY?

6 A. Yes. This revision to Rider M33 was calculated consistent with this
7 approach, i.e., reserve equalization receipts were credited against the
8 Grand Gulf demand related costs to the extent that such receipts were
9 received in the calculation of the prior over or under recovery and to be
10 received in the calculation of the projected demand related Grand Gulf
11 costs.

12
13 Q. DOES THE COMPANY PLAN TO APPLY THE METHODOLOGY FOR
14 CALCULATING THE RESERVE EQUALIZATION CREDIT IN THIS
15 REVISION TO RIDER M33 ON A RETROACTIVE BASIS?

16 A. No, it does not. The reserve equalization credit in the revisions to Rider
17 M33 and the Evaluation Reports filed in Docket No. 98-114-U (Regulatory
18 Earnings Review) were developed on a consistent basis. Therefore, the
19 overstatement of the reserve equalization credit in the revisions to Rider
20 M33 that were filed in 1998 through 2002 were effectively offset with a
21 corresponding understatement of the reserve equalization credit in the
22 Evaluation Reports.

23

1 Q. DID THE COMPANY BENEFIT FROM THE PRIOR METHODOLOGY?

2 A. No, it did not. The Transition Cost Account ("TCA") procedure ended with
3 the Evaluation Report filed in Docket No. 98-114-U for calendar year
4 2001. Therefore, the reserve equalization credits calculated for the time
5 period of January 2002 through September 2002 overstated the reserve
6 equalization credit in the revision to Rider M33 that was filed on
7 November 1, 2002, and is the basis for the current Rider M33 rates with
8 no corresponding offset in the TCA procedure. The revised methodology
9 would have resulted in a higher rate level. The calculation error benefited
10 EAI's customers for this time period.

11

12 **III. SUMMARY AND CONCLUSION**

13 Q. PLEASE SUMMARIZE YOUR DIRECT TESTIMONY.

14 A. In summary, the rates reflected in this revision to Rider M33 were
15 developed consistent with the language in the Rider M33 tariff, i.e., the
16 demand related Grand Gulf costs in the current year over or under
17 balance and the Forecast Period were credited with any reserve
18 equalization receipts that the Company has received or is projected to
19 receive based upon the M33 Excess Capacity, but not to exceed the
20 Current Recovery Share Capacity.

21

22 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

23 A. Yes, it does.

CERTIFICATE OF SERVICE

I, Steven K. Strickland, do hereby certify that a copy of the foregoing has been served upon all parties of record this 31st day of October, 2003.



Steven K. Strickland

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF ENTERGY
ARKANSAS, INC.'S PROPOSED
GRAND GULF RIDER M33

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DOCKET NO. 03-____-TF

EAI EXHIBIT PBG-1
2003 GRAND GULF RIDER M33 UPDATE
REVENUE REQUIREMENT SUMMARY & RATE DEVELOPMENT

ENTERGY ARKANSAS, INC.
2003 GRAND GULF RIDER M33 UPDATE
REVENUE REQUIREMENT SUMMARY & RATE DEVELOPMENT

REVENUE REQUIREMENT

1	(OVER)/UNDER RECOVERY BALANCE AT SEPTEMBER 30, 2003 (1)	\$7,359,360
2	PROJECTED GRAND GULF DEMAND REVENUE REQUIREMENT (2)	118,675,922
3	TOTAL M33 REVENUE REQUIREMENT FOR 2004	<u>\$126,035,282</u>

RATE DEVELOPMENT

	RATE CLASS	REVENUE REQUIREMENT 96-360-U (\$000) (3)	PROJECTED REVENUE REQUIREMENT (4)	PROJECTED BILLING UNITS (5)	RATE ADJUSTMENT (6)
4	RESIDENTIAL	\$341,466	\$58,732,895	7,198,350,309 kWh	\$0.00816 per kWh
5	SMALL GENERAL SERVICE	155,411	\$26,731,030	3,864,279,827 kWh	\$0.00692 per kWh
6	LARGE GENERAL SERVICE	220,440	\$37,916,159	17,185,160 kW	\$2.21 per kW
7	LIGHTING	15,437	\$2,655,198	257,394,377 kWh	\$0.01032 per kWh
8	TOTAL	<u>\$732,754</u>	<u>\$126,035,282</u>		

NOTES:

(1) SEE WORKPAPER B.1

(2) SEE WORKPAPER G.1

(3) SEE WORKPAPER A.2

(4) ACCORDING TO RIDER M33, THE TOTAL REVENUE REQUIREMENT (ABOVE) IS ALLOCATED TO THE RETAIL RATE CLASSES BASED ON THE CLASS REVENUE REQUIREMENT FROM THE MOST RECENTLY APPROVED ARKANSAS RETAIL RATE CASE (DOCKET 96-360-U).

(5) PROJECTED 2002 BILLING UNITS. SEE WORKPAPER A.3

(6) PROJECTED REVENUE REQUIREMENT DIVIDED BY PROJECTED BILLING UNITS

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF ENTERGY
ARKANSAS, INC.'S PROPOSED
GRAND GULF RIDER M33

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DOCKET NO. 03-____-TF

EAI EXHIBIT PBG-2
2003 GRAND GULF RIDER M33 UPDATE
RESERVE EQUALIZATION
DUE TO 36% ALLOCATION OF GRAND GULF

ENTERGY ARKANSAS, INC.
2003 GRAND GULF RIDER M33 UPDATE
RESERVE EQUALIZATION
DUE TO 36% ALLOCATION OF GRAND GULF (\$)
TWELVE MONTHS ENDED SEPTEMBER 30, 2003

	EA'S SHARE OF GRAND GULF CAPACITY MW (1)	EA'S CURRENT RECOVERY OF GRAND GULF MW (2)	EA'S RESERVE EQUALIZATION MW (3)	RES EQUAL APPLICABLE FOR RIDER M33 MW (4)	RESERVE EQUALIZATION RATE \$/MW/MO (5)	RESERVE EQUALIZATION CREDIT (6)	ARKANSAS RETAIL (7)
OCTOBER, 2002	417	325	222	222	1,844	409,368	352,589
NOVEMBER	417	325	203	203	1,844	374,332	322,412
DECEMBER	417	325	257	257	1,844	473,908	408,177
JANUARY, 2003	417	325	252	252	1,844	464,688	400,236
FEBRUARY	417	325	254	254	1,844	468,376	403,412
MARCH	417	325	255	255	1,844	470,220	405,000
APRIL	417	325	291	291	1,844	536,604	462,177
MAY	409	319	292	292	1,844	538,448	463,765
JUNE	409	319	45	45	1,847	83,115	71,587
JULY	409	319	(6)	0	1,847	0	0
AUGUST	409	319	(60)	0	1,847	0	0
SEPTEMBER, 2003	409	319	(56)	0	1,847	0	0
12 MONTHS ENDED SEPTEMBER 30, 2003	N/A	N/A	N/A	N/A	N/A	3,819,059	3,289,355

NOTES:

- (1) 90% OF GRAND GULF CAPACITY * EA'S 36% ALLOCATED SHARE (SEE WORKPAPERS D.2 - D.13)
- (2) EA'S SHARE OF GRAND GULF * CURRENT RECOVERY SHARE OF 78%. (SEE WORKPAPER E.1)
- (3) SEE WORKPAPERS D.14-D.25.
- (4) THE LESSER OF EA'S SHARE OF GRAND GULF CAPACITY AND EA'S RESERVE EQUALIZATION
BUT NOT LESS THAN ZERO.
- (5) SEE WORKPAPERS D.14-D.25 FOR THE RATES
- (6) GRAND GULF CAPACITY * RESERVE EQUALIZATION RATE
- (7) RESERVE EQUALIZATION CREDIT * ARKANSAS RETAIL ALLOCATION OF 86.13% (SEE WORKPAPER A.2)

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF ENTERGY
ARKANSAS, INC.'S PROPOSED
GRAND GULF RIDER M33

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)

DOCKET NO. 03-____-TF

EAI EXHIBIT PBG-3
2003 GRAND GULF RIDER M33 UPDATE
PROJECTED RESERVE EQUALIZATION
DUE TO 36% ALLOCATION OF GRAND GULF

ENTERGY ARKANSAS, INC.
2003 GRAND GULF RIDER M33 UPDATE
PROJECTED RESERVE EQUALIZATION
DUE TO 36% ALLOCATION OF GRAND GULF (\$)
TWELVE MONTHS ENDING DECEMBER 31, 2004

EAI'S SHARE OF GRAND GULF CAPACITY MW (1)	EAI'S CURRENT RECOVERY OF GRAND GULF MW (3)	EAI'S RESERVE EQUALIZATION MW (2)	RES EQUAL APPLICABLE FOR RIDER M33 MW (4)	RESERVE EQUALIZATION RATE \$/MW/MO (5)	RESERVE EQUALIZATION CREDIT (6)	ARKANSAS RETAIL (7)
JANUARY, 2004	416	324	0	1,847	0	0
FEBRUARY	416	324	0	1,847	0	0
MARCH	416	324	0	1,847	0	0
APRIL	416	324	0	1,847	0	0
MAY	409	319	0	1,847	0	0
JUNE	409	319	0	1,829	0	0
JULY	409	319	0	1,829	0	0
AUGUST	409	319	0	1,829	0	0
SEPTEMBER	409	319	0	1,829	0	0
OCTOBER	416	324	0	1,829	0	0
NOVEMBER	416	324	0	1,829	0	0
DECEMBER, 2004	416	324	0	1,829	0	0
12 MONTHS ENDED						
DECEMBER 31, 2004	N/A	N/A	N/A	N/A	0	0

NOTES:

- (1) 90% OF GRAND GULF CAPACITY * EAI'S 36% ALLOCATED SHARE. (SEE WORKPAPER D.10)
- (2) EAI'S SHARE OF GRAND GULF * CURRENT RECOVERY SHARE OF 78%. (SEE WORKPAPER E.1)
- (3) SEE WORKPAPER G.11 FOR THE RESERVE EQUALIZATION MW.
- (4) THE LESSER OF EAI'S SHARE OF GRAND GULF CAPACITY AND EAI'S RESERVE EQUALIZATION BUT NOT LESS THAN ZERO.
- (5) SEE WORKPAPER G.13 FOR THE RATE.
- (6) GRAND GULF CAPACITY * RESERVE EQUALIZATION RATE
- (7) RESERVE EQUALIZATION CREDIT * ARKANSAS RETAIL ALLOCATION OF 86.13% (SEE WORKPAPER A.2)



Entergy

ARK PL

SEC

OCT 31 2 22 PM '03

Entergy Arkansas, Inc.
425 West Capitol Avenue
P.O. Box 551
Little Rock, AR 72203-0551
Tel 501 377 4457
Fax 501 377 4415

Steven K. Strickland
Vice President
Regulatory Affairs

FILED

October 31, 2003

Ms. Diana Wilson, Secretary
Arkansas Public Service Commission
P. O. Box 400
Little Rock, AR 72203-0400

Re: APSC Docket No. 03-191-TF
Grand Gulf Rider M33 Update

Dear Ms. Wilson:

Pursuant to the terms of the Grand Gulf Rider M33 (Rider M33) and the Stipulation and Settlement Agreement approved by the Arkansas Public Service Commission in its Order No. 26 in Docket No. 84-249-U, as modified by the Amendment to the Stipulation and Settlement Agreement approved by the Commission in Docket No. 88-115-TF, as further modified by the Settlement Agreement approved by the Commission in Docket No. 00-177-U, please find attached for filing with the Commission an original and thirteen copies of the following:

Attachment A

A fifth revised Sheet 42.2 of the Rider (M33), which includes revised Net Monthly Rates to become effective with the first billing cycle of January 2004. Based on projected 2004 billing units, the proposed rate change from the rate in effect since January 2003 will result in an annual estimated increase to Arkansas retail ratepayers of approximately \$17.9 million. This is the result of a \$14.4 million increase in projected Grand Gulf demand revenue requirements and an increase of \$3.5 million in the under recovery balance as compared to the balance in September 2002.

Attachment B

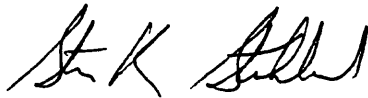
A summary of the Rider M33 Revenue Requirement for 2004, which reflects the under recovery adjustment for the October 2002 through September 2003 true-up period (including the SERI refund) and the projected Grand Gulf capacity costs for the year ended December 2004 including the Grand Gulf Accelerated Recovery Tariff (GGART) Revenue Requirement for 2004.

For a typical residential customer using 1,000 kWh per month, the impact will be an increase of 90 cents.

Also enclosed is Direct Testimony of Phillip B. Gillam which provides an explanation of the calculation of the rates the Company is filing in this revision to Rider M33 and specifically the methodology utilized to calculate the reserve equalization credit to the annual revenue requirement as described in Section 42.3.3 of Rider M33.

A copy of this filing is being served upon all parties of record to the Amendment to the Stipulation and Settlement Agreement dated September 16, 1988. Should you have any questions concerning this filing, please call me at (501) 377-4457 or Mr. Will Morgan at (501) 377-5489.

Sincerely,

A handwritten signature in black ink, appearing to be "SKS/tj", written in a cursive style.

SKS/tj

Attachments

c: All Parties of Record

ARKANSAS PUBLIC SERVICE COMMISSION

5th Revised

Sheet No. 42.2

Replacing: 4th Revised

Sheet No. 42.2

Entergy Arkansas, Inc.

Name of Company

Kind of Service: Electric

Class of Service: All

Part III. Rate Schedule No.: 42

Title: Grand Gulf Rider (M33)

Docket No.:

Order No.:

Effective:

PSC File Mark Only

The Net Monthly Rates for Grand Gulf demand related costs for the billing period from January 2004 through December 2004 will be as follows:

(CT)

<u>Rate Class</u>	<u>Rate Schedules</u>	<u>Net Monthly Rate</u>	
Residential	RS, RT	\$0.00816 per kWh	(CR)
Small General Service	SGS, GFS, MP, AP, CTV, M14, CGS	\$0.00692 per kWh	(CR)
Large General Service	LGS, GST, LPS, PST	\$2.21 per kW	(CR)
Lighting	LI, L2, L4	\$0.01032 per kWh	(CR)

42.3. PROCEDURES FOR RECOVERY OF GRAND GULF COSTS

42.3.1. On or before November 1 of 1998 and each succeeding year thereafter, the Company will file with the APSC a revision to this Grand Gulf Rider which will reflect the demand related Grand Gulf costs which are projected to be incurred over the twelve-month period beginning on January 1 of the following year and will also file new Net Monthly Rates necessary to recover such costs to become effective on the first billing cycle of January of such year. These new Net Monthly Rates will reflect a true-up of any prior over or under recovery of such costs as determined in Paragraph 42.3.6. below. In the revision to this Grand Gulf Rider (M33) filed with the APSC, the 36% allocation to EAI will be further allocated based on the percentages embodied in the Stipulation and Settlement Agreement as the Current Recovery Share and the Retained Share.

42.3.2. The Current Recovery Share allocated to the Company's Arkansas retail customers will be recovered on a current basis.

**ENTERGY ARKANSAS, INC.
2003 GRAND GULF RIDER M33 UPDATE
REVENUE REQUIREMENT SUMMARY**

**LINE
NO.**

1	(OVER)/UNDER RECOVERY BALANCE AT SEPTEMBER 30, 2003	\$7,359,360
2	PROJECTED GRAND GULF DEMAND REVENUE REQUIREMENT	<u>118,675,922</u>
3	TOTAL M33 REVENUE REQUIREMENT FOR 2003	<u><u>\$126,035,282</u></u>

OCT 31 2 24 PM '03

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF ENTERGY
ARKANSAS, INC.'S PROPOSED
GRAND GULF RIDER M33

)
)
)
DOCKET NO. 03- 191 -TF

DIRECT TESTIMONY

OF

PHILLIP B. GILLAM

DIRECTOR, REVENUE REQUIREMENTS AND ANALYSES
ENTERGY SERVICES, INC.

ON BEHALF OF

ENTERGY ARKANSAS, INC.

OCTOBER 31, 2003

**TESTIMONY & EXHIBITS
OF
ARKANSAS PUBLIC SERVICE COMMISSION
STAFF WITNESS
ALICE D. WRIGHT**

**FILED NOVEMBER 20, 2003
IN APSC DOCKET NO. 03-191-TF**

**ON EAI'S GRAND GULF RIDER M33 UPDATE
(RATE SCHEDULE NO. 42)**

Nov 20 2 21 PM '03

**BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF ENTERGY ARKANSAS INC.'S)
PROPOSED GRAND GULF RIDER M33)**

DOCKET NO. 03-191-TF

PREPARED TESTIMONY

OF

**ALICE D. WRIGHT
MANAGER- ELECTRIC SECTION**

**ON BEHALF OF THE STAFF OF THE
ARKANSAS PUBLIC SERVICE COMMISSION**

NOVEMBER 20, 2003

INTRODUCTION

Q. Will you please state your name and business address?

A. My name is Alice D. Wright. My business address is P.O. Box 400, Little Rock, Arkansas 72203-0400.

Q. By whom are you employed and in what capacity?

A. I am employed by the Arkansas Public Service Commission (APSC or Commission) General Staff (Staff) as the Manager of the Electric Utilities Section.

TRAINING AND EXPERIENCE

Q. Please describe your qualifications and background.

A. I joined the Staff in January 1995, as an Auditor. In August 1996, I was promoted to the position of Audit Supervisor-Electric Section. In addition to providing supervisory support to the Manager of the Electric Section, my duties included analyzing electric utility company filings, developing accounting related issues, and presenting those issues when necessary in written and oral testimony before the Commission. I was promoted to my current position in July 2000 and assumed responsibility for developing Staff's position on electric utility policy, cost of service and other ratemaking issues, assisting the other utilities divisions in the development of Staff's position on revenue requirement, cost allocation, and rate design issues, assisting the Director of Competitive Services in developing Staff's position on electric deregulation issues, and serving as Staff Project Manager in various cases. Prior to joining Staff, my work experience

1 included positions as a business analyst for a major oil and gas exploration corporation,
2 and as an instructor of accounting for the University of Central Arkansas.

3 My educational qualifications include a Bachelor of Science in Accounting from
4 the University of Houston-Clear Lake and a Master of Business Administration from the
5 University of Central Arkansas. I am a Certified Public Accountant (CPA) licensed to
6 practice in the State of Arkansas. I am also a member of the American Institute of
7 Certified Public Accountants (AICPA). Since joining the Staff, I have attended
8 conferences and seminars pertaining to utility related issues, including the Annual
9 Regulatory Studies Program sponsored by the National Association of Regulatory Utility
10 Commissioners (NARUC). I have previously presented testimony and exhibits before
11 this Commission.

12 **PURPOSE AND SCOPE**

13 **Q. What is the purpose of your testimony in this docket?**

14 A. The purpose of my testimony is to make a recommendation regarding the proposed tariff
15 revisions to Grand Gulf Rider M33 (Rider M33) filed by Entergy Arkansas, Inc. (EAI or
16 Company) on October 31, 2003.

17 **Q. Please explain.**

18 A. On October 31, 2003, pursuant to the terms of Rider M33 and Stipulation and Settlement
19 Agreement approved by the Commission in its Order No. 26 in Docket No. 84-249-U
20 (1984 Stipulation Agreement), as modified by the Amendment approved in Docket No.

88-115-TF, EAI filed its annual Rider M33 update, a Revised Tariff Sheet 42.2, a summary of the Rider M33 revenue requirement, and the Direct Testimony of Phillip B. Gillam, the Director of Revenue Requirement and Analyses for Entergy Services, Inc.

Q. What is the purpose of Rider M33?

A. Rider M33 recovers the Arkansas retail share of the non-fuel cost of the Grand Gulf Unit 1 nuclear generating station, in accordance with the 1984 Stipulation Agreement. Pursuant to the Stipulation and Settlement Agreement approved by Commission Order No. 31 issued in Docket No. 96-360-U, Rider M33 also recovers the revenue requirement associated with the Grand Gulf Accelerated Recovery Tariff (GGART) which was approved by the Federal Energy Regulatory Commission (FERC) in its Letter Order in Docket No. ER98-1917-000 issued on April 22, 1998. Commission Order No. 10 issued in Docket No. 00-177-U approved the removal of the accelerated amortization component of the GGART effective June 30, 2001. The removal of the accelerated amortization component of the GGART results in a credit to EAI's retail ratepayers. Therefore, the inclusion of the revenue requirement associated with the GGART reduces the Rider M33 revenue requirement.

STAFF'S REVIEW

Q. Please briefly describe EAI's proposed revisions to Rider M33.

A. The proposed revisions to Rider M33 are as follows:

1) The Net Monthly Rates for Rider M33 have been revised to recover the projected

Grand Gulf revenue requirement for the year 2004; and

2) The effective dates for Rider M33's Net Monthly Rates have been revised to reflect the billing months of January 2004 through December 2004.

Q. Briefly discuss the Grand Gulf revenue requirement for the year 2004.

A. The total Rider M33 revenue requirement for the year 2004 is \$126,035,282, approximately \$18 million more than the 2003 Rider M33 revenue requirement.

Q. Did the Company identify the underlying causes of the \$18 million increase in the Rider M33 revenue requirement?

A. Although the Company's filing did not provide a full explanation of the \$18 million increase, the information was obtained from the Company through data requests issued by Staff. The primary drivers of the increase are as follows:

- **\$8 million-** The difference between the 2003 *projected* Grand Gulf demand charges and the 2003 *actual* Grand Gulf demand charges billed to EAI;
- **\$6.2 million-** The difference between the 2003 projected credit for Reserve Equalization Receipts and the 2004 projected credit for Reserve Equalization Receipts; and
- **\$3.6 million-** The difference between the September 2002 under recovery balance and the September 2003 under recovery balance.

Q. Please discuss the \$8 million difference.

1 A. In its response to Staff's Data Request 1-1 (attached as Staff Exhibit ADW-1), EAI
2 indicated that the \$8 million¹ difference between the 2003 projected Grand Gulf demand
3 charges and the 2003 actual Grand Gulf demand charges billed to EAI is the result of an
4 increase in System Energy Resources, Inc.'s (SERI) cost of service as determined by the
5 formula rate approved by FERC in Docket No. 95-1042. The \$8 million increase reflects
6 an increase in income taxes and increases related to the provisions of the sale/leaseback
7 agreement initially entered into by SERI in 1988. These increases in SERI's cost of
8 service were reflected in the 2003 Grand Gulf demand charges billed by SERI to EAI, as
9 well as the other operating companies.

10 **Q. Please discuss the increases in costs related to the sale/lease back agreement.**

11 A. According to the Company's response, prior to 2003, the equity investors in the lease
12 required that SERI maintain, for their benefit, a bank letter of credit in an amount
13 sufficient to ensure the timely payment of the sale/leaseback obligation to the equity
14 investors in case of default. The letter of credit has typically had a term of three years,
15 and was due for renewal in 2003. The Company states that, at the time of renewal, the
16 bank market for utilities was extremely tight due to numerous market factors such as the
17 Enron bankruptcy and the TXU-Europe default which impacted SERI's ability to obtain a
18 letter of credit. To address the situation, SERI elected to deposit cash with a financial
19 institution as security for the letter of credit. SERI's lease rental expenses also increased

¹ \$6.5 million noted in EAI's response reflects the actual difference for the nine month period ended September 2003. The \$8 million difference is the estimated amount for the twelve months ended December 2003.

1 in 2003. Since the return on the cash deposit held as security for the letter of credit is a
2 new item, it has not been specifically addressed by FERC. The return on the cash deposit
3 has been included in the Grand Gulf demand charges billed to EAI and the other
4 operating companies by SERI because it is recorded in a FERC account that is included
5 in the SERI Formula Rate approved by FERC. Conversely, the interest which SERI
6 earns on the cash deposit has not been included as a credit in the Grand Gulf charges
7 SERI bills to the operating companies because the FERC account in which the interest
8 income is recorded is not one of the accounts included in the approved SERI Formula
9 Rate. Although the interest income is not included as a credit in the charges billed by
10 SERI, in its response to Staff's Data Request 2-1 (attached as Staff Exhibit ADW-2), the
11 Company has indicated that it is willing to credit an amount equal to EAI's retail share of
12 the interest income earned on the cash deposit against the Rider M33 costs to be
13 recovered from the Company's retail ratepayers.

14 **Q. Please discuss the other two primary drivers of the \$18 million increase.**

15 A. The initial Rider M33 tariff, as well as the current Rider M33 tariff, state: "The Grand
16 Gulf demand related costs will be reduced to reflect reserve equalization receipts², if any,
17 which may be associated with the Company's³ allocation of Grand Gulf capacity."
18 (Emphasis added) The Company has projected that it will not receive any reserve
19 equalization receipts in 2004. The 2003 projected Rider M33 Grand Gulf revenue

² In general, the Company receives reserve equalization receipts when the Company's capability (available capacity) is greater than its capability responsibility (load or demand).

ENTERGY ARKANSAS, INC.
DOCKET NO. 03-191-TF
PREPARED TESTIMONY OF ALICE D. WRIGHT

7

1 requirement reflected a \$6.2 million credit for reserve equalization receipts. The actual
2 reserve equalization receipts associated with the 2003 Grand Gulf Rider M33 revenue
3 requirement were \$3.3 million. The difference between the reserve equalization receipts
4 reflected in the 2003 Rider M33 and the actual reserve receipts received by EAI
5 contributed to the \$3.6 million increase in the under recovery balance. The difference
6 between the projected 2003 demand costs and the actual 2003 demand costs also
7 contributed to the increase in the under recovery balance. This under recovery occurred
8 even though the actual Grand Gulf revenue collected during 2003 was greater than the
9 amount forecasted to be collected during 2003.

10 **Q. What information supports EAI's projection that it will not receive any reserve**
11 **equalization receipts in 2004?**

12 A. In response to Staff's Data Request 1-5 (attached as Staff Exhibit ADW-3), EAI received
13 \$83,115 in reserve equalization receipts for the month of June 2003 compared to the
14 \$538,448 for the month of May 2003. For the months July, August, and September 2003,
15 EAI did not receive any reserve equalization receipts and, in fact, made reserve
16 equalization payments.

17 **Q. What factors influence EAI's reserve equalization receipts or payments?**

18 A. Two factors that influence the Company's level of reserve equalization receipts/payments
19 are its capacity and load relative to the other operating companies' capacity and load. As

³ AP&L's in the initial tariff.

1 noted in the Company's response to Staff's Data Request 1-5 (attached as Staff Exhibit
2 ADW-3), Entergy Louisiana, Inc. (ELI) and Entergy New Orleans (ENO) started
3 purchasing the non-regulated 30% of River Bend's share of Entergy Gulf States, Inc. in
4 June 2003. ENO also started purchasing 110 MW of capability from EAI in June 2003.
5 ENO's purchase of the 110 MW of capability from EAI was conditionally approved by
6 this Commission in Docket No. 03-028-U, Order No. 9. These changes in the relative
7 capacity positions of the operating companies reduced and subsequently eliminated the
8 reserve equalization receipts received by EAI.

9 **Q. Did the Commission anticipate that there might be negative effects from the**
10 **purchased power agreements approved in Docket No. 03-028-U?**

11 A. Yes. In approving the purchase power agreement, the Commission ordered EAI,
12 through appropriate ratepayer protections to be developed in Phase 2 of Docket No. 03-
13 028-U, to protect ratepayers from any negative effects which may result from the
14 approval of the purchase power agreement due to the operation of EAI's Energy Cost
15 Recovery Rider, the operation of the Grand Gulf Rider, the ANO Decommissioning Cost
16 Rider, and the application of the Entergy System Agreement. The ratepayer protections
17 are to be retroactive to June 1, 2003.⁴

18 **Q. Has EAI estimated the negative impact that the approval of the purchase power**
19 **agreement has had on the 2004 Rider M33 revenue requirement?**

⁴ Phase 2 of Docket No. 03-028-U has not been conducted. It is anticipated that the Company will initiate Phase 2 of Docket No. 03-028-U no later than December 31, 2003.

1 A. Yes. In response to Staff Data Request 3-1 (attached as Staff Exhibit ADW-4), EAI
2 estimated that the approval of the purchase power agreement has reduced the amount of
3 the reserve equalization receipts associated with the 2004 Rider M33 revenue
4 requirement by less than \$600,000.⁵

5 **Q. Did EAI adjust the Rider M33 revenue requirement for the estimated negative**
6 **impact that the purchase power agreement has had on the 2004 Rider M33 revenue**
7 **requirement?**

8 A. No. The Company has proposed that any changes in the 2004 Rider M33 revenue
9 requirement stemming from the outcomes of Phase 2 of Docket No. 03-028-U be
10 reflected in next year's revenue requirement. Since the ratepayers protections developed
11 in Phase 2 of Docket No. 03-028-U will be retroactive to June 1, 2003, coupled with the
12 size of the probable impact that this adjustment will have on customers⁶, the Company's
13 proposal in this particular instance is not unreasonable.

14 **Q. How were the net monthly rates for the proposed Rider M33 developed?**

15 A. The total Rider M33 revenue requirement discussed above was allocated to the revenue
16 classes using the class revenue requirements agreed to in the Stipulation and Settlement
17 agreement filed in Docket No. 96-360-U as approved by Commission. The class revenue
18 requirements were then divided by the forecasted billing determinants to determine the

⁵ This issue, as well as the development of the appropriate ratepayer protections, will be addressed in Phase 2 of Docket No. 03-028-U.

⁶ Estimated to be less than 4 cents for a typical residential customer using 1,000 kWhs per month.

1 net monthly rates for each class.

2 **RECOMMENDATIONS**

3 **Q. What is your recommendation to the Commission with respect to the Rider M33?**

4 A. I recommend that the Revised Rider M33 Tariff Sheet 42.2 filed by EAI on October 31,
5 2003 be approved effective for bills rendered on or after January 1, 2004, subject to the
6 ratepayer protections provided for in Commission Order No. 9 issued in Docket No. 03-
7 028-U. The protections should be retroactive to June 1, 2003, the effective date of the
8 purchase power agreements. Any changes in the 2004 Rider M33 revenue requirement
9 stemming from the outcomes of Phase 2 of Docket No. 03-028-U should be reflected in
10 next year's revenue requirement with carrying charges at the Company's most recently
11 approved rate of return. I further recommend that the Company credit an amount equal to
12 EAI's retail share of the interest income earned on the cash deposit held as security for
13 the letter of credit against the Rider M33 costs to be recovered from the Company's retail
14 ratepayers.

15 **Q. Does this conclude your testimony at this time?**

16 A. Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served on all parties of record by forwarding the same by first class mail, postage prepaid, this 20 day of November, 2003.

Valerie F. Byrne

Nov 20 2 19 PM '03

**BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF ENTERGY ARKANSAS INC.'S)
PROPOSED GRAND GULF RIDER M33)**

DOCKET NO. 03-191-TF

PREPARED EXHIBITS

OF

**ALICE D. WRIGHT
MANAGER- ELECTRIC SECTION**

**ON BEHALF OF THE STAFF OF THE
ARKANSAS PUBLIC SERVICE COMMISSION**

NOVEMBER 20, 2003

ENTERGY ARKANSAS, INC.
ARKANSAS PUBLIC SERVICE COMMISSION
Docket No. 03-191-U

Response of: Entergy Arkansas, Inc.
to the First Set of Data Requests
of Requesting Party: Arkansas Public Service
Commission

Filed: November 14, 2003

Question No.: APSC 1-1

Part No.:

Addendum:1

Question:

Please reference the Company's 2002 Grand Gulf Rider M33 Update Workpapers G.2- projected costs & the Company's 2003 C.1- historical costs. For the nine month period ended September 2003, the actual Grand Gulf costs were approximately \$6.1 million greater than the projected costs. Please identify and discuss in detail (1) the assumptions used to develop the 2003 projected Grand Gulf costs and (2) the primary differences between those assumptions and actual events.

Response:

The projected 2003 SERI Cost of Service was developed using approved rates from FERC Docket 95-1042. Amounts included in the estimate were the working budget at the time, which can vary from actual amounts. The major differences between the 2003 forecast and actual demand charges are:

Dollars are in Millions	Total	EAI Share
Increased Operating Expenses, primarily Lease Rental Expenses excluded from the forecast	\$7.4	\$2.7
Income Tax	\$7.5	\$2.7
Return on Net Unit Investment driven primarily by increased prepayments which represents amounts held for payment of sale-lease back obligation to equity investors in case of default in accordance with provisions of the SERI sale leaseback agreement.	\$3.0	\$1.1
	\$17.9	\$6.5

ADDENDUM 1:

In 1988, SERI entered into a sale/leaseback arrangement for an undivided 11.5% interest in the Grand Gulf nuclear plant. As part of that arrangement, the equity investors in the lease required that SERI maintain, for their benefit, a bank letter of credit in an amount sufficient to ensure the timely payment of the sale-leaseback obligation to equity investors in case of default. As a result, since the inception of the lease, SERI has maintained such a

letter of credit. The letter of credit has typically had a term of 3 years, and was due for renewal in 2003. At that time, due to numerous market factors impacting the utility and merchant energy market, including the Enron bankruptcy, the TXU-Europe default, etc. the bank market for utilities was extremely tight. As the Company approached the time to consider SERI's options for renewing the letter of credit, it was apparent that little to no appetite existed in the bank market for this facility based on SERI's credit. To address this situation, SERI elected to deposit cash with a financial institution as security for the letter of credit. This is referred to as a "cash-backed" letter of credit. This cash deposit resulted in the Increased Operating Expenses shown in the table above.

ENTERGY ARKANSAS, INC.
ARKANSAS PUBLIC SERVICE COMMISSION
Docket No. 03-191-TF

Response of: Entergy Arkansas, Inc.
to the Third Set of Data Requests
of Requesting Party: Arkansas Public Service
Commission

Filed: November 19, 2003

Question No.: APSC 2-1

Part No.:

Addendum: 1

Question:

Please reference the Company's Response to Staff's Data Request 1-1. In its response the Company states that "the projected 2003 SERI Cost of Service was developed using approved rates from FERC Docket 95-1042." (Emphasis added) Were the increases in the Lease Rental Expenses and Return on Net Investment due to prepayment amounts held for payment of sale-lease back obligation to equity investors in case of default for which EAI is seeking to recover through Grand Gulf Rider M33 approved by FERC? If these cost increases have been approved, please identify the FERC Docket in which these cost increases were approved and provide copies of the FERC order or any other documents verifying their approval. If the answer is no, please explain why EAI believes it is appropriate to recover these cost increases from Arkansas retail ratepayers.

Response:

The approved SERI rate from FERC Docket 95-1042 is a formula rate, which defines what FERC accounts are included in rate base and operating expense. The actual 2003 lease rental expense was reflected in the SERI cost of service in compliance with the approved formula rate. Likewise the prepayment related to the sale leaseback obligation is properly included in rate base in compliance with the approved formula. SERI is the benefactor of interest earned on the prepayment at a rate of approximately 1% per annum.

Addendum 1:

FERC Account 419, the account in which the interest income credited to SERI from the cash-backed letter of credit is recorded, is not one of the accounts included in the approved SERI Formula Rate. Therefore interest income cannot be included as a part of the tariff, which is billed to SERI's customers.

However, Entergy Arkansas, in conjunction with the approval of the General Staff, is willing to credit an amount consistent with the interest income referenced above as part of the Rider M33 expense to be recovered from Entergy Arkansas' retail customers.

ENTERGY ARKANSAS, INC.
ARKANSAS PUBLIC SERVICE COMMISSION
Docket No. 03-191-U

Response of: Entergy Arkansas, Inc.
to the First Set of Data Requests
of Requesting Party: Arkansas Public Service
Commission

Filed: November 18, 2003

Question No.: APSC 1-5

Part No.:

Addendum: 1

Question:

Please reference the Company's response to Staff's Data Request 1-4. Please identify each month during the period January 1995 through September 2003 where EAI's reserve equalization credit was less than the Grand Gulf Current Recovery Share Capacity. For each month identified, please indicate whether a "significant event" (e.g., a sale or purchase of capacity, loss of load, etc.) occurred. In those months in which a "significant event" did occur, please identify the circumstances surrounding the event and whether the event was/is related to the loss of the North Little Rock load or the purchase power agreements conditionally approved by the Commission in Docket No. 03-028-U.

Response:

September 1999	EAI's lease on Blytheville plant was terminated; therefore, EAI lost 188 MW capability.
July 2002	NLR left EAI Net Area; however, EAI has been able to make opportunity sales to offset the loss of the NLR load. Also, since the responsibility ratio is based on a 12-month rolling average, the loss of the NLR load is not evident.
July 2003	ELI and ENO started purchasing the non-regulated 30% of River Bend's share from EGSI, and ENO also purchased 110 MW of capability from EAI.

EAI's compound growth rate in its load from January 1995 to September 2003 has been around 2.8%, where some operating companies, such as ELI, have experienced negative growth.

See attachment APSC 1-5 for the reserve equalization credits (Columns 1-7).

Addendum 1:

September 1999	EAI's lease on Blytheville plant was terminated; therefore, EAI lost 188 MW capability.
July 2002	NLR left EAI Net Area; however, EAI has been able to make opportunity sales to offset the loss of the NLR load. Also, since the responsibility ratio is based on a 12-month rolling average, the loss of the NLR load is not evident.
June 2003	ELI and ENO started purchasing the non-regulated 30% of River Bend's share from EGSI, and ENO also purchased 110 MW of capability from EAI.

Entergy Arkansas, Inc.
Excess Capacity Reserve
Megawatts and Dollars
1995 - 2003

	1	2		3		4		5		6		7		8		9	
		MW	Retail MW	Excess Capacity Reserve \$/MW	Excess Capacity Reserve \$	MW	Grand Gulf Reserve \$/MW	MW	Grand Gulf Reserve \$/MW	Excess Reserve Equalization	Excess Reserve Equalization	Excess Reserve Equalization	Excess Reserve Equalization	Excess Reserve Equalization	Excess Reserve Equalization	Excess Reserve Equalization	Excess Reserve Equalization
1995	JAN	550	487	1,278.0	622,699.11	256	1,278.0	256	1,278.0	-	-	-	-	-	-	-	-
1995	FEB	539	478	1,278.0	610,245.13	256	1,278.0	256	1,278.0	-	-	-	-	-	-	-	-
1995	MAR	519	460	1,278.0	587,601.52	256	1,278.0	256	1,278.0	-	-	-	-	-	-	-	-
1995	APR	510	452	1,278.0	577,411.90	256	1,278.0	256	1,278.0	-	-	-	-	-	-	-	-
1995	MAY	559	495	1,278.0	632,888.73	256	1,278.0	256	1,278.0	-	-	-	-	-	-	-	-
1995	JUN	542	480	1,662.0	798,022.26	256	1,662.0	256	1,662.0	-	-	-	-	-	-	-	-
1995	JUL	557	493	1,662.0	820,107.75	256	1,662.0	256	1,662.0	-	-	-	-	-	-	-	-
1995	AUG	565	501	1,662.0	831,886.68	256	1,662.0	256	1,662.0	-	-	-	-	-	-	-	-
1995	SEP	523	463	1,662.0	770,047.31	256	1,662.0	256	1,662.0	-	-	-	-	-	-	-	-
1995	OCT	521	462	1,662.0	767,102.58	256	1,662.0	256	1,662.0	-	-	-	-	-	-	-	-
1995	NOV	536	475	1,662.0	789,188.07	256	1,662.0	256	1,662.0	-	-	-	-	-	-	-	-
1995	DEC	491	435	1,662.0	722,931.61	256	1,662.0	256	1,662.0	-	-	-	-	-	-	-	-
1996	JAN	490	434	1,662.0	721,459.24	256	1,662.0	256	1,662.0	-	-	-	-	-	-	-	-
1996	FEB	503	446	1,662.0	740,600.00	256	1,662.0	256	1,662.0	-	-	-	-	-	-	-	-
1996	MAR	516	457	1,662.0	759,740.75	256	1,662.0	256	1,662.0	-	-	-	-	-	-	-	-
1996	APR	522	462	1,662.0	768,574.95	256	1,662.0	256	1,662.0	-	-	-	-	-	-	-	-
1996	MAY	484	429	1,662.0	712,625.05	256	1,662.0	256	1,662.0	-	-	-	-	-	-	-	-
1996	JUN	459	407	1,194.0	485,513.95	256	1,194.0	256	1,194.0	-	-	-	-	-	-	-	-
1996	JUL	459	407	1,194.0	485,513.95	256	1,194.0	256	1,194.0	-	-	-	-	-	-	-	-
1996	AUG	435	385	1,194.0	460,127.60	256	1,194.0	256	1,194.0	-	-	-	-	-	-	-	-
1996	SEP	447	396	1,194.0	472,820.78	256	1,194.0	256	1,194.0	-	-	-	-	-	-	-	-
1996	OCT	459	407	1,194.0	485,513.95	256	1,194.0	256	1,194.0	-	-	-	-	-	-	-	-
1996	NOV	468	415	1,194.0	495,033.83	256	1,194.0	256	1,194.0	-	-	-	-	-	-	-	-
1996	DEC	520	461	1,194.0	550,037.59	264	1,194.0	264	1,194.0	-	-	-	-	-	-	-	-
1997	JAN	521	462	1,194.0	551,095.36	264	1,194.0	264	1,194.0	-	-	-	-	-	-	-	-
1997	FEB	502	445	1,194.0	530,997.83	264	1,194.0	264	1,194.0	-	-	-	-	-	-	-	-
1997	MAR	500	443	1,194.0	528,882.30	264	1,194.0	264	1,194.0	-	-	-	-	-	-	-	-
1997	APR	550	487	1,194.0	581,770.53	264	1,194.0	264	1,194.0	-	-	-	-	-	-	-	-
1997	MAY	561	497	1,194.0	593,405.94	264	1,194.0	264	1,194.0	-	-	-	-	-	-	-	-
1997	JUN	591	524	1,128.0	590,583.46	269	1,128.0	269	1,128.0	-	-	-	-	-	-	-	-
1997	JUL	570	505	1,128.0	569,598.26	269	1,128.0	269	1,128.0	-	-	-	-	-	-	-	-
1997	AUG	596	528	1,128.0	595,579.94	269	1,128.0	269	1,128.0	-	-	-	-	-	-	-	-
1997	SEP	638	565	1,128.0	637,550.34	269	1,128.0	269	1,128.0	-	-	-	-	-	-	-	-
1997	OCT	611	541	1,128.0	610,569.37	269	1,128.0	269	1,128.0	-	-	-	-	-	-	-	-

NOTE:

Numbers may be different due to rounding.

Entergy Arkansas, Inc.
Excess Capacity Reserve
Megawatts and Dollars
1995 - 2003

	1	2		3		4		5		6		7		8		9	
	MW	Retail	MW	\$/MW	\$	\$		MW		\$/MW		\$		Excess Reserve Equalization MW		Excess Reserve Equalization Credits	
1997 NOV	615	545	1,128.0	614,566.55	269	1,128.0	303,206	269	1,128.0	303,206	-	-	-	-	-	-	-
1997 DEC	559	495	1,128.0	558,606.02	269	1,128.0	303,206	269	1,128.0	303,206	-	-	-	-	-	-	-
1998 JAN	557	480	1,128.0	541,151.34	261	1,128.0	294,787	261	1,128.0	294,787	-	-	-	-	-	-	-
1998 FEB	549	473	1,128.0	533,378.97	261	1,128.0	294,787	261	1,128.0	294,787	-	-	-	-	-	-	-
1998 MAR	517	445	1,128.0	502,289.49	261	1,128.0	294,787	261	1,128.0	294,787	-	-	-	-	-	-	-
1998 APR	435	375	1,128.0	422,622.68	261	1,128.0	294,787	261	1,128.0	294,787	-	-	-	-	-	-	-
1998 MAY	406	350	1,128.0	394,447.84	261	1,128.0	294,787	261	1,128.0	294,787	-	-	-	-	-	-	-
1998 JUN	374	322	1,179.0	379,786.79	261	1,179.0	308,115	261	1,179.0	308,115	-	-	-	-	-	-	-
1998 JUL	362	312	1,179.0	367,601.12	261	1,179.0	308,115	261	1,179.0	308,115	-	-	-	-	-	-	-
1998 AUG	323	278	1,179.0	327,997.68	261	1,179.0	308,115	261	1,179.0	308,115	-	-	-	-	-	-	-
1998 SEP	269	232	1,179.0	273,162.16	261	1,179.0	308,115	261	1,179.0	308,115	-	-	-	-	-	-	-
1998 OCT	241	208	1,179.0	244,728.92	261	1,179.0	308,115	261	1,179.0	308,115	-	-	-	-	-	-	-
1998 NOV	238	205	1,179.0	241,682.50	261	1,179.0	308,115	261	1,179.0	308,115	-	-	-	-	-	-	-
1998 DEC	262	226	1,179.0	266,053.85	261	1,179.0	308,115	261	1,179.0	308,115	-	-	-	-	-	-	-
1999 JAN	236	203	1,179.0	239,651.56	261	1,179.0	308,115	261	1,179.0	308,115	-	-	-	-	-	-	-
1999 FEB	247	213	1,179.0	250,821.76	261	1,179.0	308,115	261	1,179.0	308,115	-	-	-	-	-	-	-
1999 MAR	254	219	1,179.0	257,930.07	261	1,179.0	308,115	261	1,179.0	308,115	-	-	-	-	-	-	-
1999 APR	278	239	1,179.0	282,301.41	262	1,179.0	308,907	262	1,179.0	308,907	-	-	-	-	-	-	-
1999 MAY	294	253	1,179.0	298,548.97	262	1,179.0	308,907	262	1,179.0	308,907	-	-	-	-	-	-	-
1999 JUN	362	312	1,365.0	425,594.17	262	1,365.0	357,640	262	1,365.0	357,640	-	-	-	-	-	-	-
1999 JUL	404	348	1,365.0	474,972.50	262	1,365.0	357,640	262	1,365.0	357,640	-	-	-	-	-	-	-
1999 AUG	387	333	1,365.0	454,986.03	262	1,365.0	357,640	262	1,365.0	357,640	-	-	-	-	-	-	-
1999 SEP	229	197	1,365.0	269,229.46	262	1,365.0	357,640	262	1,365.0	357,640	-	-	-	-	-	-	-
1999 OCT	221	190	1,365.0	259,824.06	262	1,365.0	357,640	262	1,365.0	357,640	-	-	-	-	-	-	-
1999 NOV	190	164	1,365.0	223,378.16	262	1,365.0	357,640	262	1,365.0	357,640	-	-	-	-	-	-	-
1999 DEC	163	140	1,365.0	191,634.94	262	1,365.0	357,640	262	1,365.0	357,640	-	-	-	-	-	-	-
2000 JAN	248	214	1,365.0	291,567.28	262	1,365.0	357,640	262	1,365.0	357,640	-	-	-	-	-	-	-
2000 FEB	247	213	1,365.0	290,391.60	262	1,365.0	357,640	262	1,365.0	357,640	-	-	-	-	-	-	-
2000 MAR	224	193	1,365.0	263,351.09	262	1,365.0	357,640	262	1,365.0	357,640	-	-	-	-	-	-	-
2000 APR	262	226	1,365.0	308,026.72	262	1,365.0	357,640	262	1,365.0	357,640	-	-	-	-	-	-	-
2000 MAY	256	220	1,365.0	300,972.67	268	1,365.0	365,893	268	1,365.0	365,893	-	-	-	-	-	-	-
2000 JUN	200	172	1,535.0	264,419.10	268	1,535.0	411,463	268	1,535.0	411,463	-	-	-	-	-	-	-
2000 JUL	144	124	1,535.0	190,381.75	268	1,535.0	411,463	268	1,535.0	411,463	-	-	-	-	-	-	-
2000 AUG	155	134	1,535.0	204,924.80	268	1,535.0	411,463	268	1,535.0	411,463	-	-	-	-	-	-	-

NOTE:

Numbers may be different due to rounding.

Entergy Arkansas, Inc.
Excess Capacity Reserve
Megawatts and Dollars
1995 - 2003

03-191-U

	1		2		3		4		5		6		7		8		9	
	MW	Retail	MW	\$/MW	MW	\$	MW	\$	MW	\$/MW	MW	\$	MW	\$	MW	\$	MW	\$
2000 SEP	136		117	1,535.0		179,804.99		268	1,535.0		411,463		151				231,658	
2000 OCT	237		204	1,535.0		313,336.63		273	1,535.0		418,681		69				105,345	
2000 NOV	206		177	1,535.0		272,351.67		273	1,535.0		418,681		95				146,330	
2000 DEC	199		171	1,535.0		263,097.00		273	1,535.0		418,681		101				155,584	
2001 JAN	181		156	1,535.0		239,299.29		273	1,535.0		418,681		117				179,382	
2001 FEB	144		124	1,535.0		190,381.75		273	1,535.0		418,681		149				228,299	
2001 MAR	144		124	1,535.0		190,381.75		273	1,535.0		418,681		149				228,299	
2001 APR	91		78	1,535.0		120,310.69		273	1,535.0		418,681		194				298,371	
2001 MAY	65		56	1,535.0		85,936.21		271	1,535.0		415,587		215				329,651	
2001 JUN	174		150	2,111.0		316,367.55		271	2,111.0		571,534		121				255,167	
2001 JUL	155		134	2,111.0		281,821.67		271	2,111.0		571,534		137				289,713	
2001 AUG	157		135	2,111.0		285,458.08		271	2,111.0		571,534		136				286,076	
2001 SEP	195		168	2,111.0		354,549.84		271	2,111.0		571,534		103				216,985	
2001 OCT	195		168	2,111.0		354,549.84		274	2,111.0		578,625		106				224,075	
2001 NOV	209		180	2,111.0		380,004.70		274	2,111.0		578,625		94				198,621	
2001 DEC	183		158	2,111.0		332,731.39		274	2,111.0		578,625		116				245,894	
2002 JAN	187		161	2,111.0		340,004.20		274	2,111.0		578,625		113				238,621	
2002 FEB	164		141	2,111.0		298,185.51		274	2,111.0		578,625		133				280,440	
2002 MAR	168		145	2,111.0		305,458.32		274	2,111.0		578,625		129				273,167	
2002 APR	128		110	2,111.0		232,730.15		274	2,111.0		578,625		164				345,895	
2002 MAY	144		124	2,111.0		261,821.42		279	2,111.0		588,553		155				326,731	
2002 JUN	124		107	1,844.0		196,941.41		279	1,844.0		514,112		172				317,171	
2002 JUL	140		121	1,844.0		222,353.21		279	1,844.0		514,112		158				291,759	
2002 AUG	183		158	1,844.0		290,647.41		279	1,844.0		514,112		121				223,465	
2002 SEP	181		156	1,844.0		287,470.93		279	1,844.0		514,112		123				226,641	
2002 OCT	222		191	1,844.0		352,588.66		222	1,844.0		409,368		31				56,779	
2002 NOV	203		175	1,844.0		322,412.15		203	1,844.0		374,332		28				51,920	
2002 DEC	257		221	1,844.0		408,176.96		257	1,844.0		473,908		36				65,731	
2003 JAN	252		217	1,844.0		400,235.77		252	1,844.0		464,688		35				64,452	
2003 FEB	254		219	1,844.0		403,412.25		254	1,844.0		468,376		35				64,964	
2003 MAR	255		220	1,844.0		405,000.49		255	1,844.0		470,220		35				65,220	
2003 APR	291		251	1,844.0		462,177.03		291	1,844.0		536,604		40				74,427	
2003 MAY	292		251	1,844.0		463,765.26		292	1,844.0		538,448		41				74,683	
2003 JUN	45		39	1,847.0		71,586.95		45	1,847.0		83,115		6				11,528	

NOTE:

Numbers may be different due to rounding.

APSC1-5 MJ9

NOTE:
Numbers may be different due to rounding.

ENTERGY ARKANSAS, INC.
ARKANSAS PUBLIC SERVICE COMMISSION
Docket No. 03-191-TF

Response of: Entergy Arkansas, Inc.
to the Third Set of Data Requests
of Requesting Party: Arkansas Public Service
Commission

Filed: November 19, 2003

Question No.: APSC 3-1

Part No.:

Addendum:

Question:

Please reference Order No. 9 issued in Docket No. 03-028-U. Please estimate the negative impact that the purchase power agreements conditionally approved by the Commission in Docket No. 03-028-U have had on the operation of the Grand Gulf Rider M33. Please identify and discuss all assumptions made in developing the estimate. Also, please attach copies of your workpapers detailing the calculation and assumptions used to develop your estimate.

Response:

Attachment 1 is a draft analysis of the Company's response to Order No. 9 in APSC Docket No. 03-028-U that isolates the effect of the PPAs to the wholesale sector for reserve equalization purposes. The result is an additional reserve equalization credit of \$451,114.

Attachment 2 reflects the effect of the ENO and ELI PPAs on reserve equalization for EAI total company allocated to EAI retail using the 86.13% allocation factor and results. The result is an additional credit of \$576,734.

**ENTERGY ARKANSAS, INC.
SUMMARY OF CAPABILITY MW's & RECEIPTS
ARKANSAS RETAIL**

	M-33 As Filed		Retail/Wholesale Split Effective June 2003	
	MW	\$	MW	\$
October 2002	191	352,589	191	352,589
November 2002	175	322,412	175	322,412
December 2002	221	408,177	221	408,177
January 2003	217	400,236	217	400,236
February 2003	219	403,412	219	403,412
March 2003	220	405,000	220	405,000
April 2003	251	462,177	251	462,177
May 2003	251	463,765	251	463,765
June 2003	39	71,587	47	271,509
July 2003	(5)	0	83	153,301
August 2003	(52)	0	31	57,257
September 2003	(48)	0	22	40,634
Total Oct. 2002 - Sep 2003	1,679	3,289,356	2,028	3,740,470
January 2004	(127)	0	(111)	0
February 2004	(120)	0	(129)	0
March 2004	(274)	0	(212)	0
April 2004	(266)	0	(230)	0
May 2004	(182)	0	(166)	0
June 2004	(152)	0	(163)	0
July 2004	(154)	0	(187)	0
August 2004	(100)	0	(148)	0
September 2004	(104)	0	(150)	0
October 2004	(146)	0	(223)	0
November 2004	(136)	0	(211)	0
December 2004	(109)	0	(181)	0
Total Estimated Jan. 2004 - Dec. 2004	(1,871)	0	(2,111)	0

ENTERGY ARKANSAS, INC.
ILLUSTRATION OF THE ALLOCATION OF RESERVE EQUALIZATION
MONTH OF JUNE 2003

LINE	SOURCE	EAI MW (1)	RETAIL MW	WHOLESALE MW (3)	
OWNED CAPABILITY (2)					
1	ANO	1,840	1,585	255	
2	Carpenter & Rammel	70	60	10	
3	Couch	148	127	21	
4	Independence	257	221	36	
5	Lake Catherine	735	633	102	
6	Lynch	183	158	25	
7	Mabelvale	56	48	8	
8	Moses	138	119	19	
9	Ritchie	339	292	47	
10	White Bluff	932	803	129	
11	Total	4,698	4,046	652	
CAPABILITY PURCHASES					
12	Blakely-Add. (2) (7)	11	9	2	
13	Grand Gulf - Non-Retained Share (2)	319	275	44	
14	Grand Gulf - Retained Share (4)	90	0	90	
15	Degray-Add. (2) (7)	10	9	1	
16	Co-Owners (4)	108	0	108	
17	Contract Capacity (2)	366	315	51	
18	Total	904	608	296	
19	EAI Purchased Power (Sale) Agreement (4) (5)	(110)	0	(110)	
20	Total Capability	5,492	4,654	838	
21	System Capability (MW) (1)	23,563			
		SYSTEM	EAI	RETAIL	WHOLESALE
22	12-Month Average Load (MW) (6)	17,251	3,988	3,300	688
23	Responsibility Ratio (L22 / Sys L22)		0.2312	0.1913	0.0399
24	Capability Responsibility (L21 * L23)		5,447	4,507	940
RESERVE EQUALIZATION					
25	Excess Capability (L20 - L24)		45	147	(102)
26	Monthly Cost Per MW (1)		\$ 1,847	\$ 1,847	\$ 1,847
27	Monthly Calculated Receipts (L25 * L26)		\$ 83,115	\$ 271,509	\$ (188,394)

Notes:

1. June 2003 ISB Report, Attachment 5
2. EAI MW * Docket 96-360-U Production Demand Allocation Factor (0.8613)
3. Total EAI MW less Retail MW
4. Directly Assigned to Wholesale
5. Only reflects the EAI Purchased Power (Sale) Agreement from the Strategic Supply Resource Plan
6. June 2003 ISB Report, Attachment 4 for System and EAI totals. Retail and wholesale 12-month average loads from monthly retail and wholesale load data prepared by Customer Load Information.
7. Net capacity available from the units after SPA schedule. Consistent with treatment of MWH on ISB Attachment 1.

ENTERGY ARKANSAS, INC.
ILLUSTRATION OF THE ALLOCATION OF RESERVE EQUALIZATION
MONTH OF JULY 2003

LINE	SOURCE	EAI MW (1)	RETAIL MW	WHOLESALE MW (3)
OWNED CAPABILITY (2)				
1	ANO	1,840	1,585	255
2	Carpenter & Rammel	70	60	10
3	Couch	148	127	21
4	Independence	257	221	36
5	Lake Catherine	735	633	102
6	Lynch	183	158	25
7	Mabelvale	56	48	8
8	Moses	138	119	19
9	Ritchie	339	292	47
10	White Bluff	932	803	129
11	Total	4,698	4,046	652
CAPABILITY PURCHASES				
12	Blakely-Add. (2) (7)	11	9	2
13	Grand Gulf - Non-Retained Share (2)	319	275	44
14	Grand Gulf - Retained Share (4)	90	0	90
15	Degray-Add. (2) (7)	10	9	1
16	Co-Owners (4)	108	0	108
17	Contract Capacity (2)	197	170	27
18	Total	735	463	272
19	EAI Purchased Power (Sale) Agreement (4) (5)	(110)	0	(110)
20	Total Capability	5,323	4,509	814
21	System Capability (MW) (1)	23,011		
SYSTEM				
22	12-Month Average Load (MW) (6)	17,271	4,000	3,322
23	Responsibility Ratio (L22 / Sys L22)	0.2316	0.1923	0.0393
24	Capability Responsibility (L21 * L23)	5,329	4,426	903
RESERVE EQUALIZATION				
25	Excess Capability (L20 - L24)	(6)	83	(89)
26	Monthly Cost Per MW (1)	\$ 3,079	\$ 1,847	\$ 1,930
27	Monthly Calculated Receipts (L25 * L26)	\$ (18,476)	\$ 153,301	\$ (171,777)

Notes:

1. July 2003 ISB Report, Attachment 5
2. EAI MW * Docket 96-360-U Production Demand Allocation Factor (0.8613)
3. Total EAI MW less Retail MW
4. Directly Assigned to Wholesale
5. Only reflects the EAI Purchased Power (Sale) Agreement from the Strategic Supply Resource Plan
6. July 2003 ISB Report, Attachment 4 for System and EAI totals. Retail and wholesale 12-month average loads from monthly retail and wholesale load data prepared by Customer Load Information.
7. Net capacity available from the units after SPA schedule. Consistent with treatment of MWH on ISB Attachment 1.

ENTERGY ARKANSAS, INC.
ILLUSTRATION OF THE ALLOCATION OF RESERVE EQUALIZATION
MONTH OF AUGUST 2003

LINE	SOURCE	EAI MW (1)	RETAIL MW	WHOLESALE MW (3)	
OWNED CAPABILITY (2)					
1	ANO	1,840	1,585	255	
2	Carpenter & Remmel	70	60	10	
3	Couch	148	127	21	
4	Independence	257	221	36	
5	Lake Catherine	735	633	102	
6	Lynch	183	158	25	
7	Mabelvale	56	48	8	
8	Moses	138	119	19	
9	Ritchie	339	292	47	
10	White Bluff	932	803	129	
11	Total	4,698	4,046	652	
CAPABILITY PURCHASES					
12	Blakely-Add. (2) (7)	11	9	2	
13	Grand Gulf - Non-Retained Share (2)	319	275	44	
14	Grand Gulf - Retained Share (4)	90	0	90	
15	Degray-Add. (2) (7)	10	9	1	
16	Co-Owners (4)	108	0	108	
17	Contract Capacity (2)	197	170	27	
18	Total	735	463	272	
19	EAI Purchased Power (Sale) Agreement (4) (5)	(110)	0	(110)	
20	Total Capability	5,323	4,509	814	
21	System Capability (MW) (1)	22,979			
		SYSTEM	EAI	RETAIL	WHOLESALE
22	12-Month Average Load (MW) (6)	17,282	4,049	3,368	681
23	Responsibility Ratio (L22 / Sys L22)		0.2343	0.1949	0.0394
24	Capability Responsibility (L21 * L23)		5,383	4,478	905
RESERVE EQUALIZATION					
25	Excess Capability (L20 - L24)	(60)	31	(91)	
26	Monthly Cost Per MW (1)	\$ 2,638	\$ 1,847	\$ 2,369	
27	Monthly Calculated Receipts (L25 * L26)	\$ (158,306)	\$ 57,257	\$ (215,563)	

Notes:

1. August 2003 ISB Report, Attachment 5
2. EAI MW * Docket 96-360-U Production Demand Allocation Factor (0.8613)
3. Total EAI MW less Retail MW
4. Directly Assigned to Wholesale
5. Only reflects the EAI Purchased Power (Sale) Agreement from the Strategic Supply Resource Plan
6. August 2003 ISB Report, Attachment 4 for System and EAI totals. Retail and wholesale 12-month average loads from monthly retail and wholesale load data prepared by Customer Load Information.
7. Net capacity available from the units after SPA schedule. Consistent with treatment of MWH on ISB Attachment 1

ENTERGY ARKANSAS, INC.
ILLUSTRATION OF THE ALLOCATION OF RESERVE EQUALIZATION
MONTH OF SEPTEMBER 2003

LINE	SOURCE	EAI MW (1)	RETAIL MW	WHOLESALE MW (3)	
OWNED CAPABILITY (2)					
1	ANO	1,840	1,585	255	
2	Carpenter & Remmel	70	60	10	
3	Couch	148	127	21	
4	Independence	257	221	36	
5	Lake Catherine	735	633	102	
6	Lynch	183	158	25	
7	Mabelvale	56	48	8	
8	Moses	138	119	19	
9	Ritchie	339	292	47	
10	White Bluff	932	803	129	
11	Total	4,698	4,046	652	
CAPABILITY PURCHASES					
12	Blakely-Add. (2) (7)	11	9	2	
13	Grand Gulf - Non-Retained Share (2)	319	275	44	
14	Grand Gulf - Retained Share (4)	90	0	90	
15	Degray-Add. (2) (7)	10	9	1	
16	Co-Owners (4)	108	0	108	
17	Contract Capacity (2)	147	127	20	
18	Total	685	420	265	
19	EAI Purchased Power (Sale) Agreement (4) (5)	(110)	0	(110)	
20	Total Capability	5,273	4,466	807	
21	System Capability (MW) (1)	22,689			
		SYSTEM	EAI	RETAIL	WHOLESALE
22	12-Month Average Load (MW) (6)	17,260	4,054	3,381	673
23	Responsibility Ratio (L22 / Sys L22)		0.2349	0.1959	0.0390
24	Capability Responsibility (L21 * L23)		5,329	4,444	885
RESERVE EQUALIZATION					
25	Excess Capability (L20 - L24)	(56)	22	(78)	
26	Monthly Cost Per MW (1)	\$ 2,649	\$ 1,847	\$ 2,423	
27	Monthly Calculated Receipts (L25 * L26)	\$ (148,331)	\$ 40,634	\$ (188,965)	

Notes:

1. September 2003 ISB Report, Attachment 5
2. EAI MW * Docket 96-360-U Production Demand Allocation Factor (0.8613)
3. Total EAI MW less Retail MW
4. Directly Assigned to Wholesale
5. Only reflects the EAI Purchased Power (Sale) Agreement from the Strategic Supply Resource Plan
6. September 2003 ISB Report, Attachment 4 for System and EAI totals. Retail and wholesale 12-month average loads from monthly retail and wholesale load data prepared by Customer Load Information.
7. Net capacity available from the units after SPA schedule. Consistent with treatment of MWH on ISB Attachment 1.

ENTERGY ARKANSAS, INC.
ILLUSTRATION OF THE ALLOCATION OF RESERVE EQUALIZATION
MONTH OF JANUARY 2004 (EST.)

LINE	SOURCE	EAI MW (1)	RETAIL MW	WHOLESALE MW (3)	
OWNED CAPABILITY (2)					
1	ANO	1,873	1,613	260	
2	Carpenter & Remmel	63	54	9	
3	Couch	148	127	21	
4	Independence	263	227	36	
5	Lake Catherine	692	596	96	
6	Lynch	175	151	24	
7	Mabelvale	64	55	9	
8	Moses	138	119	19	
9	Ritchie	316	272	44	
10	White Bluff	940	810	130	
11	Total	4,672	4,024	648	
CAPABILITY PURCHASES					
12	Blakely-Add. (2) (7)	11	9	2	
13	Grand Gulf - Non-Retained Share (2)	324	279	45	
14	Grand Gulf - Retained Share (4)	92	0	92	
15	Degray-Add. (2) (7)	10	9	1	
16	Co-Owners (4)	108	0	108	
17	Contract Capacity (2)	210	181	29	
18	Total	755	478	277	
19	EAI Purchased Power (Sale) Agreement (4) (5)	(112)	0	(112)	
20	Total Capability	5,315	4,502	813	
21	System Capability (MW) (1)	23,297			
		SYSTEM	EAI	RETAIL	WHOLESALE
22	12-Month Average Load (MW) (6)	16,904	3,963	3,347	616
23	Responsibility Ratio (L22 / Sys L22)		0.2344	0.1980	0.0364
24	Capability Responsibility (L21 * L23)		5,462	4,613	849
RESERVE EQUALIZATION					
25	Excess Capability (L20 - L24)		(147)	(111)	(36)
26	Monthly Cost Per MW (1)		\$ 2,640	\$ 2,640	\$ 2,640
27	Monthly Calculated Receipts (L25 * L26)		\$ (388,066)	\$ (293,029)	\$ (95,037)

Notes:

1. System capability supplied by Planning Models and Analysis
2. EAI MW * Docket 96-360-U Production Demand Allocation Factor (0.8613)
3. Total EAI MW less Retail MW
4. Directly Assigned to Wholesale
5. Only reflects the EAI Purchased Power (Sale) Agreement from the Strategic Supply Resource Plan
6. Projected monthly loads split between EAI retail and wholesale were provided by Planning Models and Analysis. These loads were incorporated into rolling 12-month averages.
7. Net capacity available from the units after SPA schedule. Consistent with treatment of MWH on ISB Attachment 1.

ENTERGY ARKANSAS, INC.
ILLUSTRATION OF THE ALLOCATION OF RESERVE EQUALIZATION
MONTH OF FEBRUARY 2004 (EST.)

LINE	SOURCE	EAI MW (1)	RETAIL MW	WHOLESALE MW (3)	
OWNED CAPABILITY (2)					
1	ANO	1,873	1,613	260	
2	Carpenter & Rammel	63	54	9	
3	Couch	148	127	21	
4	Independence	263	227	36	
5	Lake Catherine	692	596	96	
6	Lynch	175	151	24	
7	Mabelvale	64	55	9	
8	Moses	138	119	19	
9	Ritchie	316	272	44	
10	White Bluff	940	810	130	
11	Total	4,672	4,024	648	
CAPABILITY PURCHASES					
12	Blakely-Add. (2) (7)	11	9	2	
13	Grand Gulf - Non-Retained Share (2)	324	279	45	
14	Grand Gulf - Retained Share (4)	92	0	92	
15	Degray-Add. (2) (7)	10	9	1	
16	Co-Owners (4)	108	0	108	
17	Contract Capacity (2)	210	181	29	
18	Total	755	478	277	
19	EAI Purchased Power (Sale) Agreement (4) (5)	(112)	0	(112)	
20	Total Capability	5,315	4,502	813	
21	System Capability (MW) (1)	23,320			
		SYSTEM	EAI	RETAIL	WHOLESALE
22	12-Month Average Load (MW) (6)	16,820	3,934	3,340	594
23	Responsibility Ratio (L22 / Sys L22)		0.2339	0.1986	0.0353
24	Capability Responsibility (L21 * L23)		5,454	4,631	823
RESERVE EQUALIZATION					
25	Excess Capability (L20 - L24)		(139)	(129)	(10)
26	Monthly Cost Per MW (1)		\$ 2,630	\$ 2,630	\$ 2,630
27	Monthly Calculated Receipts (L25 * L26)		\$ (365,551)	\$ (339,252)	\$ (26,299)

Notes:

1. System capability supplied by Planning Models and Analysis
2. EAI MW * Docket 96-360-U Production Demand Allocation Factor (0.8613)
3. Total EAI MW less Retail MW
4. Directly Assigned to Wholesale
5. Only reflects the EAI Purchased Power (Sale) Agreement from the Strategic Supply Resource Plan
6. Projected monthly loads split between EAI retail and wholesale were provided by Planning Models and Analysis. These loads were incorporated into rolling 12-month averages.
7. Net capacity available from the units after SPA schedule. Consistent with treatment of MWH on ISB Attachment 1.

ENTERGY ARKANSAS, INC.
ILLUSTRATION OF THE ALLOCATION OF RESERVE EQUALIZATION
MONTH OF MARCH 2004 (EST.)

LINE	SOURCE	EAI MW (1)	RETAIL MW	WHOLESALE MW (3)	
OWNED CAPABILITY (2)					
1	ANO	1,874	1,614	260	
2	Carpenter & Rammel	63	54	9	
3	Couch	148	127	21	
4	Independence	263	227	36	
5	Lake Catherine	692	596	96	
6	Lynch	175	151	24	
7	Mabelvale	64	55	9	
8	Moses	138	119	19	
9	Ritchie	316	272	44	
10	White Bluff	940	810	130	
11	Total	4,673	4,025	648	
CAPABILITY PURCHASES					
12	Blakely-Add. (2) (7)	11	9	2	
13	Grand Gulf - Non-Retained Share (2)	324	279	45	
14	Grand Gulf - Retained Share (4)	92	0	92	
15	Degray-Add. (2) (7)	10	9	1	
16	Co-Owners (4)	108	0	108	
17	Contract Capacity (2)	210	181	29	
18	Total	755	478	277	
19	EAI Purchased Power (Sale) Agreement (4) (5)	(224)	0	(224)	
20	Total Capability	5,204	4,503	701	
21	System Capability (MW) (1)	23,535			
		SYSTEM	EAI	RETAIL	WHOLESALE
22	12-Month Average Load (MW) (6)	16,757	3,932	3,357	575
23	Responsibility Ratio (L22 / Sys L22)		0.2346	0.2003	0.0343
24	Capability Responsibility (L21 * L23)		5,522	4,715	807
RESERVE EQUALIZATION					
25	Excess Capability (L20 - L24)		(318)	(212)	(106)
26	Monthly Cost Per MW (1)		\$ 2,600	\$ 2,600	\$ 2,600
27	Monthly Calculated Receipts (L25 * L26)		\$ (826,898)	\$ (551,265)	\$ (275,633)

Notes:

1. System capability supplied by Planning Models and Analysis
2. EAI MW * Docket 96-360-U Production Demand Allocation Factor (0.8613)
3. Total EAI MW less Retail MW
4. Directly Assigned to Wholesale
5. Only reflects the EAI Purchased Power (Sale) Agreement from the Strategic Supply Resource Plan
6. Projected monthly loads split between EAI retail and wholesale were provided by Planning Models and Analysis. These loads were incorporated into rolling 12-month averages.
7. Net capacity available from the units after SPA schedule. Consistent with treatment of MWH on ISB Attachment 1.

ENTERGY ARKANSAS, INC.
ILLUSTRATION OF THE ALLOCATION OF RESERVE EQUALIZATION
MONTH OF APRIL 2004 (EST.)

LINE	SOURCE	EAI MW (1)	RETAIL MW	WHOLESALE MW (3)	
OWNED CAPABILITY (2)					
1	ANO	1,874	1,614	260	
2	Carpenter & Remmel	63	54	9	
3	Couch	148	127	21	
4	Independence	263	227	36	
5	Lake Catherine	692	596	96	
6	Lynch	175	151	24	
7	Mabelvale	64	55	9	
8	Moses	138	119	19	
9	Ritchie	316	272	44	
10	White Bluff	940	810	130	
11	Total	4,673	4,025	648	
CAPABILITY PURCHASES					
12	Blakely-Add. (2) (7)	11	9	2	
13	Grand Gulf - Non-Retained Share (2)	324	279	45	
14	Grand Gulf - Retained Share (4)	92	0	92	
15	Degray-Add. (2) (7)	10	9	1	
16	Co-Owners (4)	108	0	108	
17	Contract Capacity (2)	210	181	29	
18	Total	755	478	277	
19	EAI Purchased Power (Sale) Agreement (4) (5)	(224)	0	(224)	
20	Total Capability	5,204	4,503	701	
21	System Capability (MW) (1)	23,538			
		SYSTEM	EAI	RETAIL	WHOLESALE
22	12-Month Average Load (MW) (6)	16,731	3,919	3,364	555
23	Responsibility Ratio (L22 / Sys L22)		0.2342	0.2011	0.0332
24	Capability Responsibility (L21 * L23)		5,513	4,733	780
RESERVE EQUALIZATION					
25	Excess Capability (L20 - L24)		(309)	(230)	(79)
26	Monthly Cost Per MW (1)		\$ 2,600	\$ 2,600	\$ 2,600
27	Monthly Calculated Receipts (L25 * L26)		\$ (803,437)	\$ (598,028)	\$ (205,409)

Notes:

1. System capability supplied by Planning Models and Analysis
2. EAI MW * Docket 96-360-U Production Demand Allocation Factor (0.8613)
3. Total EAI MW less Retail MW
4. Directly Assigned to Wholesale
5. Only reflects the EAI Purchased Power (Sale) Agreement from the Strategic Supply Resource Plan
6. Projected monthly loads split between EAI retail and wholesale were provided by Planning Models and Analysis. These loads were incorporated into rolling 12-month averages.
7. Net capacity available from the units after SPA schedule. Consistent with treatment of MWH on ISB Attachment 1.

ENTERGY ARKANSAS, INC.
ILLUSTRATION OF THE ALLOCATION OF RESERVE EQUALIZATION
MONTH OF MAY 2004 (EST.)

LINE	SOURCE	EAI MW (1)	RETAIL MW	WHOLESALE MW (3)
OWNED CAPABILITY (2)				
1	ANO	1,840	1,585	255
2	Carpenter & Remmel	70	60	10
3	Couch	148	127	21
4	Independence	257	221	36
5	Lake Catherine	735	633	102
6	Lynch	183	158	25
7	Mabelvale	56	48	8
8	Moses	138	119	19
9	Ritchie	339	292	47
10	White Bluff	931	802	129
11	Total	4,697	4,045	652
CAPABILITY PURCHASES				
12	Blakely-Add. (2) (7)	11	9	2
13	Grand Gulf - Non-Retained Share (2)	320	276	44
14	Grand Gulf - Retained Share (4)	90	0	90
15	Degray-Add. (2) (7)	10	9	1
16	Co-Owners (4)	108	0	108
17	Contract Capacity (2)	245	211	34
18	Total	784	505	279
19	EAI Purchased Power (Sale) Agreement (4) (5)	(220)	0	(220)
20	Total Capability	5,261	4,550	711
21	System Capability (MW) (1)	23,569		
SYSTEM		EAI	RETAIL	WHOLESALE
22	12-Month Average Load (MW) (6)	3,896	3,358	538
23	Responsibility Ratio (L22 / Sys L22)	0.2321	0.2001	0.0321
24	Capability Responsibility (L21 * L23)	5,472	4,716	756
RESERVE EQUALIZATION				
25	Excess Capability (L20 - L24)	(211)	(166)	(45)
26	Monthly Cost Per MW (1)	\$ 2,601	\$ 2,601	\$ 2,601
27	Monthly Calculated Receipts (L25 * L26)	\$ (548,782)	\$ (431,743)	\$ (117,039)

Notes:

1. System capability supplied by Planning Models and Analysis
2. EAI MW * Docket 96-360-U Production Demand Allocation Factor (0.8613)
3. Total EAI MW less Retail MW
4. Directly Assigned to Wholesale
5. Only reflects the EAI Purchased Power (Sale) Agreement from the Strategic Supply Resource Plan
6. Projected monthly loads split between EAI retail and wholesale were provided by Planning Models and Analysis. These loads were incorporated into rolling 12-month averages.
7. Net capacity available from the units after SPA schedule. Consistent with treatment of MWH on ISB Attachment 1.

ENTERGY ARKANSAS, INC.
ILLUSTRATION OF THE ALLOCATION OF RESERVE EQUALIZATION
MONTH OF JUNE 2004 (EST.)

LINE	SOURCE	EAI MW (1)	RETAIL MW	WHOLESALE MW (3)	
OWNED CAPABILITY (2)					
1	ANO	1,840	1,585	255	
2	Carpenter & Remmel	70	60	10	
3	Couch	148	127	21	
4	Independence	257	221	36	
5	Lake Catherine	735	633	102	
6	Lynch	183	158	25	
7	Mabelvale	56	48	8	
8	Moses	138	119	19	
9	Ritchie	339	292	47	
10	White Bluff	931	802	129	
11	Total	4,697	4,045	652	
CAPABILITY PURCHASES					
12	Blakely-Add. (2) (7)	11	9	2	
13	Grand Gulf - Non-Retained Share (2)	320	276	44	
14	Grand Gulf - Retained Share (4)	90	0	90	
15	Degray-Add. (2) (7)	10	9	1	
16	Co-Owners (4)	108	0	108	
17	Contract Capacity (2)	298	257	41	
18	Total	837	551	286	
19	EAI Purchased Power (Sale) Agreement (4) (5)	(220)	0	(220)	
20	Total Capability	5,314	4,596	718	
21	System Capability (MW) (1)	23,741			
		SYSTEM	EAI	RETAIL	WHOLESALE
22	12-Month Average Load (MW) (6)	16,677	3,858	3,343	515
23	Responsibility Ratio (L22 / Sys L22)		0.2313	0.2005	0.0309
24	Capability Responsibility (L21 * L23)		5,491	4,759	732
RESERVE EQUALIZATION					
25	Excess Capability (L20 - L24)		(177)	(163)	(14)
26	Monthly Cost Per MW (1)		\$ 2,658	\$ 2,658	\$ 2,658
27	Monthly Calculated Receipts (L25 * L26)		\$ (470,470)	\$ (433,258)	\$ (37,212)

Notes:

1. System capability supplied by Planning Models and Analysis
2. EAI MW * Docket 96-360-U Production Demand Allocation Factor (0.8613)
3. Total EAI MW less Retail MW
4. Directly Assigned to Wholesale
5. Only reflects the EAI Purchased Power (Sale) Agreement from the Strategic Supply Resource Plan
6. Projected monthly loads split between EAI retail and wholesale were provided by Planning Models and Analysis. These loads were incorporated into rolling 12-month averages.
7. Net capacity available from the units after SPA schedule. Consistent with treatment of MWH on ISB Attachment 1.

ENTERGY ARKANSAS, INC.
ILLUSTRATION OF THE ALLOCATION OF RESERVE EQUALIZATION
MONTH OF JULY 2004 (EST.)

LINE	SOURCE	EAI MW (1)	RETAIL MW	WHOLESALE MW (3)	
OWNED CAPABILITY (2)					
1	ANO	1,840	1,585	255	
2	Carpenter & Remmel	70	60	10	
3	Couch	148	127	21	
4	Independence	257	221	36	
5	Lake Catherine	735	633	102	
6	Lynch	183	158	25	
7	Mabelvale	56	48	8	
8	Moses	138	119	19	
9	Ritchie	339	292	47	
10	White Bluff	931	802	129	
11	Total	4,697	4,045	652	
CAPABILITY PURCHASES					
12	Blakely-Add. (2) (7)	11	9	2	
13	Grand Gulf - Non-Retained Share (2)	320	276	44	
14	Grand Gulf - Retained Share (4)	90	0	90	
15	Degray-Add. (2) (7)	10	9	1	
16	Co-Owners (4)	108	0	108	
17	Contract Capacity (2)	298	257	41	
18	Total	837	551	286	
19	EAI Purchased Power (Sale) Agreement (4) (5)	(220)	0	(220)	
20	Total Capability	5,314	4,596	718	
21	System Capability (MW) (1)	23,714			
		SYSTEM	EAI	RETAIL	WHOLESALE
22	12-Month Average Load (MW) (6)	16,715	3,872	3,371	501
23	Responsibility Ratio (L22 / Sys L22)		0.2316	0.2017	0.0300
24	Capability Responsibility (L21 * L23)		5,493	4,783	710
RESERVE EQUALIZATION					
25	Excess Capability (L20 - L24)	(179)	(187)	8	
26	Monthly Cost Per MW (1)	\$ 2,662	\$ 2,662	\$ 2,662	
27	Monthly Calculated Receipts (L25 * L26)	\$ (476,586)	\$ (497,886)	\$ 21,300	

Notes:

1. System capability supplied by Planning Models and Analysis
2. EAI MW * Docket 96-360-U Production Demand Allocation Factor (0.8613)
3. Total EAI MW less Retail MW
4. Directly Assigned to Wholesale
5. Only reflects the EAI Purchased Power (Sale) Agreement from the Strategic Supply Resource Plan
6. Projected monthly loads split between EAI retail and wholesale were provided by Planning Models and Analysis. These loads were incorporated into rolling 12-month averages.
7. Net capacity available from the units after SPA schedule Consistent with treatment of MWH on ISB Attachment 1.

ENTERGY ARKANSAS, INC.
ILLUSTRATION OF THE ALLOCATION OF RESERVE EQUALIZATION
MONTH OF AUGUST 2004 (EST.)

LINE	SOURCE	EAI MW (1)	RETAIL MW	WHOLESALE MW (3)
OWNED CAPABILITY (2)				
1	ANO	1,840	1,585	255
2	Carpenter & Remmel	70	60	10
3	Couch	148	127	21
4	Independence	257	221	36
5	Lake Catherine	735	633	102
6	Lynch	183	158	25
7	Mabelvale	56	48	8
8	Moses	138	119	19
9	Ritchie	339	292	47
10	White Bluff	931	802	129
11	Total	4,697	4,045	652
CAPABILITY PURCHASES				
12	Blakely-Add. (2) (7)	11	9	2
13	Grand Gulf - Non-Retained Share (2)	320	276	44
14	Grand Gulf - Retained Share (4)	90	0	90
15	Degray-Add. (2) (7)	10	9	1
16	Co-Owners (4)	108	0	108
17	Contract Capacity (2)	298	257	41
18	Total	837	551	286
19	EAI Purchased Power (Sale) Agreement (4) (5)	(220)	0	(220)
20	Total Capability	5,314	4,596	718
21	System Capability (MW) (1)	23,682		
SYSTEM		EAI	RETAIL	WHOLESALE
22	12-Month Average Load (MW) (6)	16,732	3,837	3,352
23	Responsibility Ratio (L22 / Sys L22)	0.2293	0.2003	0.0290
24	Capability Responsibility (L21 * L23)	5,430	4,744	686
RESERVE EQUALIZATION				
25	Excess Capability (L20 - L24)	(116)	(148)	32
26	Monthly Cost Per MW (1)	\$ 2,659	\$ 2,659	\$ 2,659
27	Monthly Calculated Receipts (L25 * L26)	\$ (308,460)	\$ (393,552)	\$ 85,092

Notes:

1. System capability supplied by Planning Models and Analysis
2. EAI MW * Docket 96-360-U Production Demand Allocation Factor (0.8613)
3. Total EAI MW less Retail MW
4. Directly Assigned to Wholesale
5. Only reflects the EAI Purchased Power (Sale) Agreement from the Strategic Supply Resource Plan
6. Projected monthly loads split between EAI retail and wholesale were provided by Planning Models and Analysis. These loads were incorporated into rolling 12-month averages.
7. Net capacity available from the units after SPA schedule. Consistent with treatment of MWH on ISB Attachment 1.

ENTERGY ARKANSAS, INC.
ILLUSTRATION OF THE ALLOCATION OF RESERVE EQUALIZATION
MONTH OF SEPTEMBER 2004 (EST.)

LINE	SOURCE	EAI MW (1)	RETAIL MW	WHOLESALE MW (3)	
OWNED CAPABILITY (2)					
1	ANO	1,840	1,585	255	
2	Carpenter & Remmel	70	60	10	
3	Couch	148	127	21	
4	Independence	257	221	36	
5	Lake Catherine	735	633	102	
6	Lynch	183	158	25	
7	Mabelvale	56	48	8	
8	Moses	138	119	19	
9	Ritchie	339	292	47	
10	White Bluff	931	802	129	
11	Total	4,697	4,045	652	
CAPABILITY PURCHASES					
12	Blakely-Add. (2) (7)	11	9	2	
13	Grand Gulf - Non-Retained Share (2)	320	276	44	
14	Grand Gulf - Retained Share (4)	90	0	90	
15	Degray-Add. (2) (7)	10	9	1	
16	Co-Owners (4)	108	0	108	
17	Contract Capacity (2)	245	211	34	
18	Total	784	505	279	
19	EAI Purchased Power (Sale) Agreement (4) (5)	(220)	0	(220)	
20	Total Capability	5,261	4,550	711	
21	System Capability (MW) (1)	23,482			
		SYSTEM	EAI	RETAIL	WHOLESALE
22	12-Month Average Load (MW) (6)	16,768	3,843	3,356	487
23	Responsibility Ratio (L22 / Sys L22)		0.2292	0.2001	0.0290
24	Capability Responsibility (L21 * L23)		5,382	4,700	682
RESERVE EQUALIZATION					
25	Excess Capability (L20 - L24)		(121)	(150)	29
26	Monthly Cost Per MW (1)		\$ 2,659	\$ 2,659	\$ 2,659
27	Monthly Calculated Receipts (L25 * L26)		\$ (321,785)	\$ (398,907)	\$ 77,122

Notes:

1. System capability supplied by Planning Models and Analysis
2. EAI MW * Docket 96-360-U Production Demand Allocation Factor (0.8613)
3. Total EAI MW less Retail MW
4. Directly Assigned to Wholesale
5. Only reflects the EAI Purchased Power (Sale) Agreement from the Strategic Supply Resource Plan
6. Projected monthly loads split between EAI retail and wholesale were provided by Planning Models and Analysis. These loads were incorporated into rolling 12-month averages.
7. Net capacity available from the units after SPA schedule. Consistent with treatment of MWH on ISB Attachment 1.

ENTERGY ARKANSAS, INC.
ILLUSTRATION OF THE ALLOCATION OF RESERVE EQUALIZATION
MONTH OF OCTOBER 2004 (EST.)

LINE	SOURCE	EAI MW (1)	RETAIL MW	WHOLESALE MW (3)	
OWNED CAPABILITY (2)					
1	ANO	1,874	1,614	260	
2	Carpenter & Remmel	63	54	9	
3	Couch	148	127	21	
4	Independence	263	227	36	
5	Lake Catherine	692	596	96	
6	Lynch	175	151	24	
7	Mabelvale	64	55	9	
8	Moses	138	119	19	
9	Ritchie	316	272	44	
10	White Bluff	940	810	130	
11	Total	4,673	4,025	648	
CAPABILITY PURCHASES					
12	Blakely-Add. (2) (7)	11	9	2	
13	Grand Gulf - Non-Retained Share (2)	324	279	45	
14	Grand Gulf - Retained Share (4)	92	0	92	
15	Degray-Add. (2) (7)	10	9	1	
16	Co-Owners (4)	108	0	108	
17	Contract Capacity (2)	245	211	34	
18	Total	790	508	282	
19	EAI Purchased Power (Sale) Agreement (4) (5)	(224)	0	(224)	
20	Total Capability	5,239	4,533	706	
21	System Capability (MW) (1)	23,606			
		SYSTEM	EAI	RETAIL	WHOLESALE
22	12-Month Average Load (MW) (6)	16,805	3,850	3,386	464
23	Responsibility Ratio (L22 / Sys L22)		0.2291	0.2015	0.0276
24	Capability Responsibility (L21 * L23)		5,409	4,756	653
RESERVE EQUALIZATION					
25	Excess Capability (L20 - L24)		(170)	(223)	53
26	Monthly Cost Per MW (1)		\$ 2,670	\$ 2,670	\$ 2,670
27	Monthly Calculated Receipts (L25 * L26)		\$ (453,942)	\$ (595,465)	\$ 141,523

Notes:

1. System capability supplied by Planning Models and Analysis
2. EAI MW * Docket 96-360-U Production Demand Allocation Factor (0.8613)
3. Total EAI MW less Retail MW
4. Directly Assigned to Wholesale
5. Only reflects the EAI Purchased Power (Sale) Agreement from the Strategic Supply Resource Plan
6. Projected monthly loads split between EAI retail and wholesale were provided by Planning Models and Analysis. These loads were incorporated into rolling 12-month averages.
7. Net capacity available from the units after SPA schedule. Consistent with treatment of MWH on ISB Attachment 1.

ENTERGY ARKANSAS, INC.
ILLUSTRATION OF THE ALLOCATION OF RESERVE EQUALIZATION
MONTH OF NOVEMBER 2004 (EST.)

LINE	SOURCE	EAI MW (1)	RETAIL MW	WHOLESALE MW (3)
OWNED CAPABILITY (2)				
1	ANO	1,874	1,614	260
2	Carpenter & Remmel	63	54	9
3	Couch	148	127	21
4	Independence	263	227	36
5	Lake Catherine	692	596	96
6	Lynch	175	151	24
7	Mabelvale	64	55	9
8	Moses	138	119	19
9	Ritchie	316	272	44
10	White Bluff	940	810	130
11	Total	4,673	4,025	648
CAPABILITY PURCHASES				
12	Blakely-Add. (2) (7)	11	9	2
13	Grand Gulf - Non-Retained Share (2)	324	279	45
14	Grand Gulf - Retained Share (4)	92	0	92
15	Degray-Add. (2) (7)	10	9	1
16	Co-Owners (4)	108	0	108
17	Contract Capacity (2)	245	211	34
18	Total	790	508	282
19	EAI Purchased Power (Sale) Agreement (4) (5)	(224)	0	(224)
20	Total Capability	5,239	4,533	706
21	System Capability (MW) (1)	23,620		
SYSTEM				
22	12-Month Average Load (MW) (6)	16,818	3,842	464
23	Responsibility Ratio (L22 / Sys L22)	0.2284	0.2009	0.0276
24	Capability Responsibility (L21 * L23)	5,397	4,744	653
RESERVE EQUALIZATION				
25	Excess Capability (L20 - L24)	(158)	(211)	53
26	Monthly Cost Per MW (1)	\$ 2,657	\$ 2,657	\$ 2,657
27	Monthly Calculated Receipts (L25 * L26)	\$ (419,744)	\$ (560,544)	\$ 140,800

Notes:

1. System capability supplied by Planning Models and Analysis
2. EAI MW * Docket 96-360-U Production Demand Allocation Factor (0.8613)
3. Total EAI MW less Retail MW
4. Directly Assigned to Wholesale
5. Only reflects the EAI Purchased Power (Sale) Agreement from the Strategic Supply Resource Plan
6. Projected monthly loads split between EAI retail and wholesale were provided by Planning Models and Analysis. These loads were incorporated into rolling 12-month averages.
7. Net capacity available from the units after SPA schedule. Consistent with treatment of MWH on ISB Attachment 1.

ENTERGY ARKANSAS, INC.
ILLUSTRATION OF THE ALLOCATION OF RESERVE EQUALIZATION
MONTH OF DECEMBER 2004 (EST.)

LINE	SOURCE	EAI MW (1)	RETAIL MW	WHOLESALE MW (3)
OWNED CAPABILITY (2)				
1	ANO	1,874	1,614	260
2	Carpenter & Remmel	63	54	9
3	Couch	148	127	21
4	Independence	263	227	36
5	Lake Catherine	692	596	96
6	Lynch	175	151	24
7	Mabelvale	64	55	9
8	Moses	138	119	19
9	Ritchie	316	272	44
10	White Bluff	940	810	130
11	Total	4,673	4,025	648
CAPABILITY PURCHASES				
12	Blakely-Add. (2) (7)	11	9	2
13	Grand Gulf - Non-Retained Share (2)	324	279	45
14	Grand Gulf - Retained Share (4)	92	0	92
15	Degray-Add. (2) (7)	10	9	1
16	Co-Owners (4)	108	0	108
17	Contract Capacity (2)	245	211	34
18	Total	790	508	282
19	EAI Purchased Power (Sale) Agreement (4) (5)	(224)	0	(224)
20	Total Capability	5,239	4,533	706
21	System Capability (MW) (1)	23,650		
SYSTEM				
22	12-Month Average Load (MW) (6)	16,837	3,819	3,356
23	Responsibility Ratio (L22 / Sys L22)	0.2268	0.1993	0.0275
24	Capability Responsibility (L21 * L23)	5,366	4,714	652
RESERVE EQUALIZATION				
25	Excess Capability (L20 - L24)	(127)	(181)	54
26	Monthly Cost Per MW (1)	\$ 2,672	\$ 2,672	\$ 2,672
27	Monthly Calculated Receipts (L25 * L26)	\$ (339,397)	\$ (483,708)	\$ 144,311

Notes:

1. System capability supplied by Planning Models and Analysis
2. EAI MW * Docket 96-360-U Production Demand Allocation Factor (0.8613)
3. Total EAI MW less Retail MW
4. Directly Assigned to Wholesale
5. Only reflects the EAI Purchased Power (Sale) Agreement from the Strategic Supply Resource Plan
6. Projected monthly loads split between EAI retail and wholesale were provided by Planning Models and Analysis. These loads were incorporated into rolling 12-month averages.
7. Net capacity available from the units after SPA schedule. Consistent with treatment of MWH on ISB Attachment 1.

ENTERGY ARKANSAS, INC.
2003 GRAND GULF RIDER M33 UPDATE
MAXIMUM INCREMENTAL RESERVE EQUALIZATION

	EAI'S RESERVE EQUALIZATION MW	ENO PURCHASE FROM EAI MW (2)	ELI PURCHASE FROM EAI MW (2)	AMOUNT INCLUDED IN FILING	INCREMENTAL RES EQUAL RIDER M33 MW	RESERVE EQUALIZATION RATE \$/ MW / MO	RESERVE EQUALIZATION CREDIT	ARKANSAS RETAIL
JUNE 2003	Actual 45	84		(45)	84	1,847	155,148	133,629
JULY	Actual (6)	84		0	78	1,847	144,066	124,084
AUGUST	Actual (60)	84		0	24	1,847	44,328	38,180
SEPTEMBER	Actual (56)	84		0	28	1,847	51,716	44,543
TOTAL 2003								340,436
JANUARY 2004 (1)	Estimate (147)	84		0	0	1,847	0	0
FEBRUARY	Estimate (139)	84		0	0	1,847	0	0
MARCH	Estimate (318)	84	84	0	0	1,847	0	0
APRIL	Estimate (309)	84	84	0	0	1,847	0	0
MAY	Estimate (211)	84	84	0	0	1,847	0	0
JUNE	Estimate (177)	84	84	0	0	1,829	0	0
JULY	Estimate (179)	84	84	0	0	1,829	0	0
AUGUST	Estimate (116)	84	84	0	52	1,829	95,108	81,917
SEPTEMBER	Estimate (121)	84	84	0	47	1,829	85,963	74,040
OCTOBER	Estimate (170)	84	84	0	0	1,829	0	0
NOVEMBER	Estimate (158)	84	84	0	10	1,829	18,290	15,753
DECEMBER	Estimate (127)	84	84	0	41	1,829	74,989	64,588
TOTAL 2004								236,298
TOTAL BOTH YEARS								576,734

Note

(1) Beginning January 2004 System Companies are projected to make additional long-term capacity purchases. Effect of these capacity purchases will flow through MSS-1 calculation which will affect the amount EAI is short and is independent of the ENO and ELI PPA purchases from EAI.

(2) The 84 MW reflects the effect on EAI's capability assuming ENO and ELI will make a 110 MW purchase of capacity from another source and EAI retains the 110 MW included in the PPA.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served on all parties of record by forwarding the same by first class mail, postage prepaid, this 20 day of November, 2003.

Valerie F. Byrne

ARKANSAS PUBLIC SERVICE COMMISSION

ORDER NO. 1 ISSUED NOVEMBER 25, 2003

IN APSC DOCKET NO. 03-191-TF

**ON EAI'S GRAND GULF RIDER M33 UPDATE
(RATE SCHEDULE NO. 42)**

Nov 25 2 32 PM '03

ARKANSAS PUBLIC SERVICE COMMISSION

FILED

IN THE MATTER OF ENTERGY ARKANSAS,)
INC.'S PROPOSED GRAND GULF RIDER M33)

DOCKET NO. 03-191-TF
ORDER NO. 1

ORDER

On 31 October 2003, Entergy Arkansas, Inc. ("EAI") filed in the above-styled Docket its annual Grand Gulf Rider M33 ("Rider M33") update, a Revised Tariff Sheet 42.2, a summary of the Rider M33 revenue requirement, and the Direct Testimony of Phillip B. Gillam in support thereof, pursuant to the terms of Rider M33 and the Stipulation and Settlement Agreement approved by this Commission in its Order No. 26 of Docket No. 84-249-U (the "1984 S&A"), as modified by the Amendment approved in Docket No. 88-115-TF.

Rider M33 recovers the Arkansas retail share of the non-fuel cost of the Grand Gulf Unit 1 nuclear electric generation station, in accordance with the 1984 S&A. Pursuant to the Stipulation and Settlement Agreement approved by this Commission's Order No. 31 of Docket No. 96-360-U, Rider M33 also recovers the revenue requirement associated with the Grand Gulf Accelerated Recovery Tariff ("GGART") which was approved by the Federal Energy Regulatory Commission in its Letter Order in Docket No. ER98-1917-000 issued on 22 April 1998. This Commission's Order No. 10 issued in Docket No. 00-177-U approved the removal of the accelerated amortization component of the GGART effective 30 June 2001. The removal of the accelerated amortization component of the GGART results in a credit to EAI's ratepayers. Therefore, the inclusion of the revenue requirement associated

with the GGART reduces the Rider M33 revenue requirement. The total Rider M33 revenue requirement for the year 2004 is \$126,035,282 which is approximately \$18,000,000 more than the 2003 Rider M33 revenue requirement.

In Prepared Testimony filed in this Docket on 20 November 2003 by Alice D. Wright on behalf of the General Staff of the Commission (the "Staff"), Ms. Wright testified as to Staff's investigation of EAI's proposed Rider M33 update. Based upon Staff's investigation, Ms. Wright recommends that the Revised Rider M33 Tariff Sheet 42.2 filed by EAI on 31 October 2003 be approved effective for bills rendered on or after 1 January 2004 subject to the ratepayer protections required by Commission Order No. 9 issued in Docket No. 03-028-U.

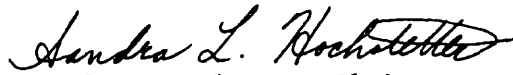
Therefore, based upon the Direct Testimony of Mr. Gillam and the Prepared Testimony and recommendations of Ms. Wright, and in the absence of any objections thereto, the Commission finds and directs as follows:

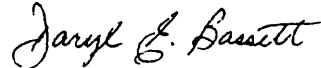
1. Revised Rider M33 Tariff Sheet 42.2, filed by EAI in the above-styled Docket on 31 October 2003, is in the public interest and is hereby approved effective for bills rendered on or after 1 January 2004.
2. Said approval shall be subject to the ratepayer protections required by Commission Order No. 9 issued in Docket No. 03-028-U. The protections shall be retroactive to 1 June 2003.
3. Any changes in the 2004 Rider M33 revenue requirement stemming from the outcome of Phase 2 of Docket No. 03-028-U shall be reflected in the 2005 Rider M33 revenue requirement with carrying charges at EAI's most recently approved rate of return.

EAI is further directed to credit an amount equal to EAI's retail share of the interest income earned on the cash deposit held as security for the letter of credit against the Rider M33 costs to be recovered from EAI's retail ratepayers.

BY ORDER OF THE COMMISSION.

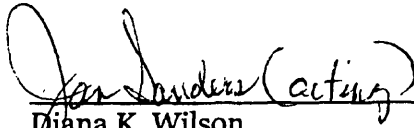
This 25th day of November, 2003.


Sandra L. Hochstetter, Chairman

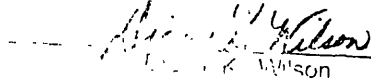

Daryl E. Bassett, Commissioner



Randy Bynum, Commissioner


Diana K. Wilson
Secretary of the Commission

As Public Serv. Commis.
I hereby certify on all parties of record this
document with postage prepaid, using
the address of each party as indicated in the
official document file


Diana K. Wilson

11-25-03 JB